FOREIGN AFFAIRS

MARCH/APRIL 1995

Origins of a Catastrophe

Memoirs of the Last American Ambassador to Yugoslavia

WARREN ZIMMERMANN

Lessons of the Next Nuclear War • MANDELBAUM

America, a European Power • HOLBROOKE

Japan's Financial Leviathan • FINGLETON

The Case Against 'Europe' • MALCOLM

Russia's Wounded Military • LAMBETH

Michael Ignatieff on Civil Society

Conrad Black on Canada's Chronic Crisis

George F. Kennan on American Principles

Michael Lewis on the Spoils of Currency Wars

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FOREIGN AFFAIRS

MARCH/APRIL 1995
VOLUME 74, NUMBER 2

Comments

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In this special *Comments* section, the U.S. ambassador to Yugoslavia from 1989 to 1992 has written a memoir drawn from his personal diaries that provides a gripping firsthand account of Yugoslavia's slide into civil war. The author evaluates the breakup of Yugoslavia as a classic example of nationalism from the top down—a manipulated, brutal nationalism in a region where peace has historically prevailed and ethnically mixed marriages comprise a quarter of the population. In one of several vivid portraits of politicians, Zimmermann shows how Serb leader Slobodan Milošević, who wanted only "a unity that Serbia could dominate," became the main wrecker of Yugoslavia.

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Lessons of the Next Nuclear War *Michael Mandelbaum* 22

Nuclear weapons, as great enhancers of national power, are attractive to U.S. allies, orphan states left outside the U.S. nuclear umbrella, and hostile rogue states. The collapse of the Soviet Union has brought into the open the growing desire for nuclear status, which the United States will have to discourage through continuing diplomacy and security commitments. Thwarting rogue states like Iraq and North Korea may eventually require preventive war, though it might take a nuclear exchange for Washington to reach that conclusion.

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The Congress of Vienna, the Treaty of Versailles, and the NATO-based containment strategy were three pivotal decisions in European diplomacy. Now there is a fourth opportunity to construct a lasting European peace through institutions,

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new and old. Foremost, NATO must expand, discussing openly which new countries to admit. The Partnership for Peace and the Organization for Security and Cooperation in Europe should coordinate human rights and civilian control of armies. Respect for human rights must extend to Russia, which is why the Chechen campaign has been so disturbing. To turn away from the challenge of this moment and freeze NATO would exact a higher price later.

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Advocates of "Europe"—a united, federal European state—tout their project as at once a noble political ideal and a pragmatic economic strategy. Both arguments are wrong. The European Union's bureaucrats will stifle the continent's economy, and its politicos will breed corruption and nationalist resentment. Letting the EU handle security matters would be equally disastrous, as the fiasco in Bosnia demonstrates. Despite all this, the partisans of "Europe" warn the skeptical that the train is pulling out of the station. Those who care about Europe will let it go.

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The West often ascribes mystery and chaos to political and economic power in Japan. Yet Japanese power is actually a carefully structured hierarchy, and the capstone is neither big business nor the Ministry of International Trade and Industry but the little-understood and low-profile Ministry of Finance. The MOF controls Japan's equivalents of the U.S. Federal Reserve, Treasury Department, Internal Revenue Service, and Federal Deposit Insurance Corporation. It is the prime mover behind Japan's savings rate, distribution of overseas aid, and regulation of monopolies. However obscure, it may well be the most powerful bureaucracy in the world.

Russia's Wounded Military *Benjamin S. Lambeth* 86

The Chechnya misadventure unmasked what Russia's armed forces have known for awhile: the heir to the once-vaunted Soviet military is in shambles. Years of cutbacks in Russia's military budgets, worsened by rapid inflation, have crippled morale, the development of new weapons, maintenance, and training. At the upper echelons, there is now an exodus of talented and experienced officers; in the lower ranks, desertion and draft evasion are widespread. Nevertheless, the Russian military has largely remained above politics and helped to stabilize the nation amid reform. The United States would do well to press for an honest and open military-to-military relationship with Russia. One day, a grave nuclear threat may require it.

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To the incredulity of the world, placid, prosperous Canada stands yet again at the brink of constitutional collapse. To resolve this crisis once and for all, Canada must decide what it stands for. Traditionally, the country distinguished itself from its American neighbor by its kinder, gentler social welfare programs, now dismal failures, and by its bilingual national character, now threatened by Quebec's new separatist government. Biculturalism should be Canada's *raison d'être*. If Quebec secedes, English Canada should consider joining the United States. Either way, Canada will become a more perfect union.

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Faced with demands for support from rebellious Spanish colonies in South America following the Napoleonic wars, Secretary of State John Quincy Adams enunciated a principle of American foreign policy that is still relevant today: the best way for a larger country to help smaller ones is by the power of example. To go further, Adams warned, would be "to involve America beyond the power of extrication in all the wars of interest and intrigue." Good advice, then as now.

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The articles in Foreign Affairs *do not represent any consensus of beliefs. We do not expect that readers will sympathize with all the sentiments they find here, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries* Foreign Affairs *can do more to inform American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. We do not accept responsibility for the views expressed in any article, signed or unsigned, that appears in these pages. What we do accept is the responsibility for giving them a chance to appear.*

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Editor's Note

From Grozny to Davos

As January gave way to February, snow blanketed the mountains of Europe. It added misery to the secessionist war in Chechnya and beauty to the World Economic Forum in Switzerland. Russian soldiers fought and died in Grozny while Russian politicians bickered in Davos. Boris Fyodorov and Grigory Yavlinsky, both free-market reformers and would-be successors to Russian President Boris Yeltsin, clashed over the rightness of the Chechen suppression. Fyodorov thought it vital to Russia's territorial integrity. Yavlinsky saw it as the beginning of Russia's unraveling. Yeltsin adviser Dmitri Ryurikov wrestled the best face on Russia's brutal campaign that he could: an unavoidable one-time tragedy and not characteristic of Russia's ongoing behavior.

Some Western observers, like whistlers in the dark, saw the Russians' "dirty linen" debate as a healthy sign of an emerging democracy. Others among the convening politicians, business leaders, and academics were not so sure. Thus much of the talk was of Yeltsin's impending demise, a challenge from the nationalist right, and the need for NATO expansion.

For the most part, the talk at Davos on "whither Russia" and other large issues was halfhearted. West European leaders gave off an aroma of uncertainty. They wrung their hands less than they did last year now that their economies were perking up. But with unemployment still high, public morale still low, and Bosnia still shaming, they ventured toward bold policies timidly. They were sheepish about, but not sheepish enough to change, the trade barriers against East European goods, even though the excuse of "recession" in the West is gone. And none were heard to have an answer for structural unemployment. A pitched alarm was rung by the World Trade Organization director, Peter Sutherland. It was not the emerging trade groupings of developing countries that worried him. They seemed designed to expand trade. Rather, Sutherland pointed a finger at rising protectionist sentiments in fully developed economies.

In a major policy address, Jacques Santer, incoming president of the European Commission, placed his marker with those calling for rapid steps toward a united Europe. He set a common European currency as his centerpiece objective. And despite hurdles and objections (most loudly from Great Britain), 1997 seemed none too soon for Santer. Away from the microphones, German and French officials concurred that their respective leaders will drive for a common currency before German Chancellor Helmut Kohl leaves office in 1998, even at the price of having only six other European Union

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countries join them at the start.

NEWT DIRECTIONS

Meanwhile, the U.S. attendees were full of the advice and big ideas that flow effusively from a dynamic economic recovery on the home front. Much in evidence was their entrepreneurial comfort with creative destruction, chaos theory, and global risk-taking. And they were less unsettled than a year ago by the Europeans' ever-dismissive commentary on the Clinton administration. At this year's gathering, a goodly number of the stateside business leaders took heart from the prime ministerial potential of House Speaker Newt Gingrich. American politics, they instructed, were ahead of Europe's in adjusting to the demands of an entrepreneurial environment. Their European counterparts were more focused on evidence in the Congress of protectionism among old-line Democrats and isolationism among new-breed Republicans. Because it happened over the weekend of the forum (a weekend better known in America for the Super Bowl), the failure of the Mexican aid package to gain sufficient congressional backing became the hot topic in the corridors and lounges of Davos' Congress Hall. And the tone of many remarks was decidedly, "Can we depend on the Americans?"

As the Europeans pondered and the Americans lectured, the sheer weight of Asia settled on the Davos proceedings. The delegations from the East have been growing in size. And the Europeans, slow to recognition, are now taking full notice. This year, it would have been hard not to. The giants of Asia—China and India—were present in numbers, trading business cards and trumpeting the opportunities of their take-off economies. In booming declamations, Chinese Vice Premier Zhu Rongji trolled for business, even offering to give out his personal telephone number to any stymied capitalist. (Somewhat nonplussed when actually asked for the number, Rongji, in good business school form, referred inquiring investors to his secretary.)

But a-courting though he was, Rongji stood fast in his plenary speech on China's insistence that it be granted developing nation allowances as part of joining the World Trade Organization. Nor would he assume government responsibility for the unpaid debts, contract violations, and fraud about which foreign investors have complained. Meanwhile, India's businessmen and officials hosted the forum's biggest reception and made headway in branding their country as the "emerging tiger"—one that, though still hampered by over-regulation and corruption, was, through reform, turning its large middle class, civil service, and body of commercial law into major assets.

James F. Hoge, Jr.
Editor

N.B. With this issue, Jacob Kramer joins *Foreign Affairs* as an assistant editor. Among his assignments will be editing our regular book review section. A Columbia University graduate, Kramer served an internship with *Foreign Affairs* before most recently working at *Forbes Media Critic* and *Law Journal Extra.* And we bid a sad farewell to Editorial Assistant Laura Oszust.

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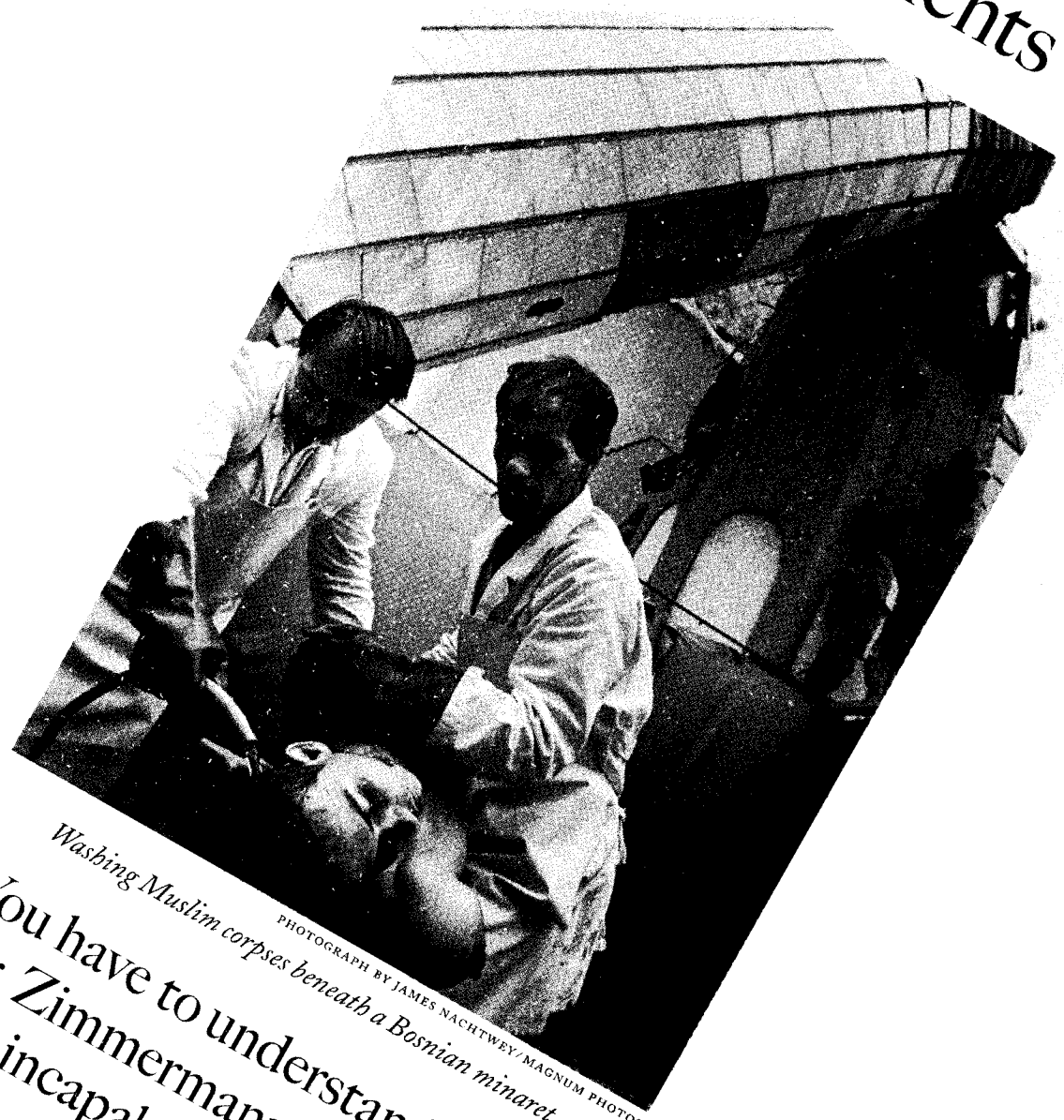
Comments



PHOTOGRAPH BY JAMES NACHTWEY/MAGNUM PHOTOS

Washing Muslim corpses beneath a Bosnian minaret.

"You have to understand Serbs, Mr. Zimmermann... Serbs are incapable of hatred."

The Last Ambassador *Warren Zimmermann*

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The Last Ambassador

A Memoir of the Collapse of Yugoslavia

Warren Zimmermann

In early 1989, shortly after I was confirmed as the new—and as it turned out the last—U.S. ambassador to Yugoslavia, I sought out Lawrence Eagleburger. Eagleburger had been named deputy secretary of state for the incoming Bush administration but had not yet been approved by the Senate. His temporary office was in the small back room adjoining the opulent deputy secretary's office, and there he could be found inhaling a cigarette, which, as an asthma sufferer, he was not supposed to have.

Larry Eagleburger remains one of the foremost American experts on the Balkans. Like an unusually large number of Foreign Service officers—myself included—he served twice in Yugoslavia. He and I shared a love of the country and its people. As we talked, we discovered a mutual view that the traditional American approach to Yugoslavia no longer made sense, given the revolutionary changes sweeping Europe.

By 1989 the world had changed dramatically. The Cold War was over and the Soviet Union was breaking up. The East European countries had already slipped Moscow's leash, and Poland and Hungary had achieved quasi-Western political systems, with Czechoslovakia soon to follow. In such circumstances, Eagleburger and I agreed that in my introductory calls in Belgrade and the republican capitals, I would deliver a new message: Yugoslavia no longer enjoyed the geopolitical importance that the United States had given it during the Cold War. Then, Marshal Josip Tito had made Yugoslavia a model for independence from the Soviet Union as well as for a brand of communism that was more open politically and less centralized economically.

Now Yugoslavia had been surpassed by both Poland and Hungary in economic and political openness. In addition, human rights had become a major element of U.S. policy, and Yugoslavia's record on that issue was not good—particularly in the province of Kosovo, where an authoritarian Serbian regime was systematically depriving the Albanian majority of its basic civil liberties.

WARREN ZIMMERMANN was Ambassador to Yugoslavia from 1989 to 1992. He is now a Senior Consultant at RAND.

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Finally, I was to reassert the traditional mantra of U.S. support for Yugoslavia's unity, independence, and territorial integrity. But I would add that the United States could only support unity in the context of democracy; it would strongly oppose unity imposed or preserved by force.

Thus equipped, my wife and I arrived in Belgrade on March 9, 1989, after an absence of 21 years. The city had not changed much from the dusty half-Slav, half-Turkish town we remembered. Everybody still talked politics in the outdoor cafés, shaded by splendid chestnut trees. Belgrade was an acquired taste, and I had acquired it. What had changed was the character of the Serbian politics that people were busy discussing. Slobodan Milošević, an ambitious and ruthless communist party official, had clawed his way to power several years before. In early 1989, his efforts were focused on Kosovo.

Kosovo is to Serbs what Jerusalem is to Jews—a sacred ancestral homeland. In the postwar period, the Albanians in Kosovo—about 90 percent of the population—had carved out a dominant position in the province. Milošević was intent on wresting back that control, and he had no qualms about doing it unconstitutionally. Working through the intimidating powers of the communist apparatus, he took over or suspended Kosovo's governing bodies. He replaced bureaucratic and party incumbents with Serbs or pliant Albanians, one of whom, party chief Rahman Morina, sweated through his shirt during each of my meetings with him. Morina was later carried off prematurely by a heart attack brought on, no doubt, by stress.

On Kosovo, the message that Eagleburger and I had worked out was simple: if Yugoslavia wanted to continue its close relations with the United States, it would have to curb human rights abuses in the province. The point was naturally welcomed by the Albanians in Kosovo and also by Slovenia, an already democratic republic, which was proclaiming that Kosovo was the most egregious example of Milošević's dictatorial rule. Milošević, on the other hand, took my criticism personally; he later cited it as the reason he waited nearly a year before agreeing to meet me.

AN OBSESSION WITH HISTORY

Milošević's Serbia was at the heart of the complex of issues that destroyed Yugoslavia. Serbs are a naturally talented and ebullient people with an instinctive liking for Americans that is based partly on a shared garrulity and partly on a military alliance spanning both world wars. Their tragic defect is an obsession with their own history; their hearts are in the past, not the future. In the Balkans, intellectuals tend to be the standard-bearers of nationalism; in Serbia, this is carried to fetishistic lengths.

A lugubrious, paranoid, and Serbocentric view of the past enables the Serbs to blame everyone but themselves for whatever goes wrong. They had a real grievance against Tito, in some measure justified, for creating a postwar Yugoslavia that denied them a role that they believed their large population (40 percent of the nation—similar to Russians in the old Soviet Union) and historical mission entitled them. When Tito died, leaving a Yugoslavia too decentralized for any eth-

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Slobodan Milošević

Alija Izetbegović

JOVANOVIC, YUGOSLAVIA: CARTOONISTS & WRITER'S GUILD

nic group to dominate, it became inevitable that a Serbian nationalist would rise up to redress the perceived wrongs dealt his people. It was a tragedy for Serbia, its neighbors, and Europe as a whole that the nationalist turned out to be Slobodan Milošević.

After the year from the spring of 1989 to 1990 in which Milošević left me cooling my heels, I grew to know him well. We had many long conversations, all of them contentious but none of them shouting matches. "You see, Mr. Zimmermann," he would say, "only we Serbs really believe in Yugoslavia. We're not trying to secede like the Croats and Slovenes and we're not trying to create an Islamic state like the Muslims in Bosnia. They all fought against you in World War II. We were your allies." On Kosovo, Milošević painted a picture without shadings: "Kosovo has always been Serbian, except for a brief period during World War II. Yet we have given the Albanians their own government, their own parliament, their own national library, and their own schools [none of these assertions was true at the time he made them to me]. We have even given them their own academy of sciences. Have you Americans given your blacks their own academy of sciences?"

Milošević makes a stunning first impression on those who do not have the information to refute his often erroneous assertions. Many is the U.S. senator or congressman who has reeled out of his office exclaiming, "Why, he's not nearly as bad as I expected!" One congressman even invited him to a White House prayer breakfast. Milošević knows how to act with Americans. He dresses in the Western style (he spent considerable time in New York in his banking days), drinks Scotch on the rocks, and smokes Italian cigarillos. His cherubic cheeks do not fit the strongman image; in fact, he has to work hard at looking tough for his public posters. His manner is affable and displays his light side. Unfortunately, the man is almost totally dominated by his dark side.

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Radovan Karadžić

Franjo Tudjman

Milošević began his career as a communist apparatchik of extremely authoritarian mien, even for Serbia. He rose to the leadership of the Serbian party by betraying the man who gave him his chance in politics, Ivan Stambolić, whose purge Milošević organized. Milošević is an opportunist, not an ideologue, a man driven by power rather than nationalism. He has made a Faustian pact with nationalism as a way to gain and hold power.

He is a man of extraordinary coldness. I never saw him moved by an individual case of human suffering; for him, people are groups (Serbs, Muslims) or simply abstractions. Nor did I ever hear him say a charitable or generous word about any human being, not even a Serb. This chilling personality trait made it possible for Milošević to condone, encourage, and even organize the unspeakable atrocities committed by Serbian citizens in the Bosnian war. It also accounts for his habitual mendacity, as in his outrageous distortion of Serbian behavior in Kosovo. For Milošević, truth has only a relative value. If it serves his objectives, it is employed; if not, it can be discarded.

When the unity of Yugoslavia was threatened in the late 1980s by Slovenia—Yugoslavia's only Serbless republic—Milošević cast himself as the apostle of unity. Not interested in unity per se, he wanted a unity that Serbia could dominate, working through the Yugoslav People's Army, whose officer corps was over 50 percent Serbian. Milošević's concept of unity did not extend to democracy or power-sharing with other national groups.

In fact, in his verbal attacks on Slovenia and Croatia and his subsequent trade sanctions against them, he became the major wrecker of Yugoslavia. When the Slovenian and Croatian independence movements, together with Milošević's own disruptive actions in the name of unity, made the preservation of Yugoslavia impossible, he fell back on an even more aggressive approach. If Yugoslavia

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could not encompass all Serbs, then Serbia would. The Serbian populations of Croatia, Bosnia, Montenegro, and possibly Macedonia would be incorporated—along with generous pieces of territory—into a Milošević-dominated "Yugoslavia." His rallying cry was that all Serbs have the right to live in a single state—a doctrine that, if applied globally, would cause the disintegration of dozens of multinational states.

WORST-CASE SCENARIOS

From the beginning of my ambassadorship in Yugoslavia, I pressed the talented and highly professional group of political and economic officers in the U.S. embassy in Belgrade and the consulate general in Zagreb, Croatia, to consider worst-case scenarios for Yugoslavia. The worst case we could think of was the breakup of the country. We reported to Washington that no breakup of Yugoslavia could happen peacefully. The ethnic hatred sown by Milošević and his ilk and the mixture of ethnic groups in every republic except Slovenia meant that Yugoslavia's shattering would lead to extreme violence, perhaps even war. Thus we favored at least a loose unity while encouraging democratic development. The new Yugoslav prime minister, Ante Marković, a dynamic Croatian committed to economic reform and other Western policies, was pressing for both these objectives. The United States supported him and persuaded the West European governments to do so as well.

The U.S. policy of unity and democracy was not controversial within the Bush administration or initially in Western Europe. But it faced vehement criticism, led by Senator Robert Dole (R-Kans.), in the U.S. Congress. Critics of the policy charged that our efforts to hold together a country that was falling apart helped Milošević and hurt the democratic forces in Slovenia and Croatia. The critics did not understand that democratic unity favored Marković, not Milošević, who had no interest in unity on a democratic reformist basis. In the end, the dissolution of Yugoslavia did lead to war (and to Serbian territorial gains), and thus confirmed that unity and democracy were the Siamese twins of Yugoslavia's fate. The loss of one meant that the other would die.

In January 1990, the communist party created by Tito breathed its last; a party congress split by quarreling was adjourned, never to meet again. Yugoslavia lurched into its first democratic elections. The two most anti-Yugoslav republics, Slovenia and Croatia, were the first to vote. By the end of the year the four southern republics had voted as well. Even the Serbian government held elections, despite Milošević's occasional assertions to me that Serbia's needs were much better met by a one-party system.

The republican elections turned out to be a disaster for those who hoped to keep Yugoslavia together in a democratic framework. People had no opportunity to vote on a Yugoslavia-wide level once Prime Minister Marković failed to win approval for federal elections. They vented their pent-up frustrations by voting for nationalists who hammered on ethnic themes. The elections became a test of ethnic loyalty. Ethnic parties won power in five of the six republics, all but Macedonia.

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NATIONALISM UNLEASHED

By bringing nationalism to power almost everywhere, the elections helped snuff out the very flame of democracy that they had kindled. Nationalism is by nature uncivil, antidemocratic, and separatist because it empowers one ethnic group over all others. If the elections weakened the democratic element so necessary for Yugoslavia, they also weakened the necessary unifying element. I visited all six republics to evaluate the new leaders. I found that not only was the country breaking up into different power centers, but each local region was developing a nationalist ideology, each different from the other. The age of naked nationalism had begun.

Slovenian nationalists, now in power, quickly broke almost all Slovenia's remaining political and economic ties with the Yugoslav government. The Slovenes' separatist nationalism was unique in Yugoslavia—it had no victims and no enemies; while the Slovenes hated Milošević, they built no ideology against him. They practiced a "Garbo nationalism"—they just wanted to be left alone. Their virtue was democracy and their vice was selfishness. In their drive to separate from Yugoslavia they simply ignored the 22 million Yugoslavs who were not Slovenes. They bear considerable responsibility for the bloodbath that followed their secession.

No Yugoslav republic was more transformed by the elections of 1990 than Croatia. The decisive victory of the Croatian Democratic Union in May brought to the presidency an implacable nationalist, Franjo Tudjman. I first met Tudjman in Zagreb on the morning of his victory; before then I had avoided him because of the extreme nature of some of his campaign statements. If Milošević recalls a slick con man, Tudjman resembles an inflexible schoolteacher. He is a former general and communist, expelled from the party under Tito and twice jailed for nationalism. Prim steel eyeglasses hang on a square face whose natural expression is a scowl. His mouth occasionally creases into a nervous chuckle or mirthless laugh. In our first meeting, he treated the colleagues who accompanied him with extreme disdain. Then, on the spot, he appointed two of them to high-ranking positions—to their surprise, since the venue for this solemn act was the breakfast table of the American consul general.

Tudjman's temper flared when I asked him about his remark during the campaign that he was glad his wife was neither a Serb nor a Jew. He launched into a ten-minute defense of his ethnic humanity, claiming, among other things, that some of his best friends were Serbs. While he didn't profess similar affinities with Jews (and his earlier writings had denigrated the Holocaust), he did promise to make restitution to the Zagreb Jewish community for the destruction of its synagogue by Croatian fascists during World War II. He kept that promise.

Unlike Milošević, who is driven by power, Tudjman is obsessed by nationalism. His devotion to Croatia is of the most narrow-minded sort, and he has never shown much understanding of or interest in democratic values. He presided over serious violations of the rights of Serbs, who made up 12 percent of the

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population of Croatia. They were dismissed from work, required to take loyalty oaths, and subjected to attacks on their homes and property. I have sat at Tudjman's lunch table and listened to several of his ministers revile Serbs in the most racist terms. He didn't join in, but he didn't stop them either. He has also stifled the independence of the press as much as Milošević, and maybe even more.

Tudjman's saving grace, which distinguishes him from Milošević, is that he really wants to be a Western statesman. He therefore listens to Western expressions of concern and criticism and often does something about them. For better or worse, Croatian nationalism is defined by Tudjman—intolerant, anti-Serb, and authoritarian. These attributes—together with an aura of wartime fascism, which Tudjman has done nothing to dispel—help explain why many Serbs in Croatia reject Croatian rule and why the core hostility in the former Yugoslavia is still between Serbs and Croats.

During 1990, Serbian nationalism under Milošević became even more aggressive. No longer was it enough for Serbs living outside Serbia to have their rights protected. They also had to own and control the territory they inhabited, regardless of prior sovereignty. These Serbian claims had no consistent principles behind them. Where Serbs were a minority, as in Kosovo, they asserted a historical, rather than a numerical, right to rule. Where no such historical right was plausible, as in the Krajina area of Croatia, they claimed self-determination on the majority principle. Revealingly, Milošević was unwilling to give the Albanians in Kosovo the same right of self-determination that he demanded for Serbs in Croatia and Bosnia.

In the Serbian elections of December 1990, Milošević made nationalism the litmus test: if you didn't vote for him, you were not a good Serb. The Serbian opposition, overwhelmed by the superior organization of Milošević's still-intact communist apparatus and a near-total media blackout, foundered on whether to play the nationalist game or reject it. Milošević won in a tainted but convincing landslide. The one-party system, beloved by the Serbian leader, survived. Milošević simply modernized it by giving it multiparty trimmings.

Albanian nationalism was, like Croatian nationalism, to some degree a reaction to Milošević's aggressive tactics. As the Serbs pressed, the Albanians stiffened. They boycotted the Serbian elections, despite U.S. counsel that a determined parliamentary minority could wield much political leverage. Milošević's strong-arm approach had launched the Albanians on a path of no return toward complete independence from the Serbs.

By December 1990, there were few Kosovo Albanians who did not insist either on an independent Kosovo or a Kosovo linked with Albania. The psychological break was complete. Any provocation launched by either side had the potential to blow the province apart. In these volatile circumstances, I urged Milošević to meet with the disciplined and impressive Albanian leader Ibrahim Rugova, who was urging a policy of peaceful resistance. Rugova agreed. Milošević refused, saying of the leader of some two million Albanian subjects of Serbia, "Who does he represent?"

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The most interesting opposition figure in Serbia was Vuk Drašković, a flamboyant and talented novelist, who leaped onto the political stage as a pro-Serbian extremist, complete with Old Testament beard, racist ideas, and the persona of a Serbian peasant. Once he found his political sea legs, however, Drašković turned into a staunch defender of an open political system and free press. On March 9, 1991, he used his talent for motivating people to stage a mass rally in Belgrade against Milošević's control of the press. Clumsy handling by the police and the army led to two deaths—a demonstrator and a policeman—and to Drašković's arrest and brief detention. Many observers felt that the rally, which has now entered Serbian folklore, came close to dethroning Milošević. While this is doubtful, the courage of nearly 100,000 spontaneous demonstrators was a moving tribute to the democratic vibrancy of many Serbs.

Many new opposition figures within the former republics of Yugoslavia took a clear stand against nationalism. In speaking out, they paid a price in ransacked offices, bombings, death threats, beatings, and arrests. With my strong support, Western human rights groups helped many opposition organizations and publications to survive. The investment, however long-term, will pay off one day. The people being helped, and those who will succeed them, are part of the "other Serbia" and the "other Croatia"—the core of the democratic revival that in time must replace the current nationalist hysteria.

Neither Milošević nor Tudjman could understand why we cared so much about people who were murdered, tortured, abused, or harassed. Milošević would listen patiently, then ask, "Why do you waste time on these individuals, who are mostly criminals anyway, when Serbs as a nation have been abused for years?" Tudjman would often erupt in fury when I had the temerity to suggest that Croatian authorities were not always model democrats. When it came to results, however, Milošević almost never delivered; Tudjman sometimes did.

ELEVENTH-HOUR MANEUVERS

The last year of Yugoslavia's existence—1991—saw the unfolding of unilateral and conflicting nationalist strategies. Slovenia, where a December 1990 referendum showed overwhelming popular support for independence, announced its decision to secede in June 1991 if a loose confederal solution was not found. Wittingly making his republic a hostage to Slovenian policy, Tudjman said Croatia would do what Slovenia did. Milošević countered that the breakup of Yugoslavia would lead to Serbia's incorporating all Serbs into a single state. Bosnian leader Alija Izetbegović argued that the survival of Yugoslavia in some form was essential to Bosnia's survival as well.

Izetbegović was mild-mannered, deferential, and perpetually anxious; he wore the mantle of leadership with great discomfort. A devout Muslim but no extremist, he consistently advocated the preservation of a multinational Bosnia. Ironically, it was Milošević and Tudjman, in their professed desire for Bosnian Serbs and Bosnian Croats to live apart from Muslims, who laid the philosophical groundwork for a separate Muslim entity. Bosnia had a strong

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multiethnic character and the highest percentage of ethnically mixed marriages of any republic. While its history since the fifteenth-century Turkish occupation was no more bloody than the history of England or France, Bosnia was the major Balkan killing ground during World War II. Izetbegović was succinct with me: "If Croatia goes independent, Bosnia will be destroyed."

In early 1991, the supporters of a unified and democratic Yugoslavia were becoming marginalized. The leaders of the two republics with the most to lose from the breakup of Yugoslavia—Alija Izetbegović of Bosnia and Kiro Gligorov of Macedonia—proposed to hold it together in an even weaker configuration. Milošević gave their plan lip service; the Croats and Slovenes rejected it flatly for leaving too many powers with the central government.

During this period the Yugoslav People's Army (JNA in its Serbo-Croatian acronym) emerged as a major political player, an unusual role for a communist army. I met regularly with the defense minister, General Veljko Kadijević, a brooding, humorless officer who spoke with antipathy about Slovenes and Croats and with paranoia about Germans, whom he saw as bent on incorporating the Balkans into a Fourth Reich. The JNA enjoyed a proud tradition, with roots in Tito's Partisan fighters, who stood up to the Germans in World War II. The fifth-largest army in Europe, well supplied by the Soviet Union and an enormous domestic arms industry, it was seen by many as the most important unifying institution in Yugoslavia. Its officer corps, however, had a Serbian majority who, when events forced them to choose, followed Milošević.

The JNA was soon on a collision course with the breakaway republics. Both Croatia and Slovenia were trying to create their own military forces by calling on their young men to desert the JNA and by weakening the JNA's control over the republican Territorial Defense Forces, a sort of national guard. The JNA went berserk over this proliferation of armies. "How many armies does the United States have?" Kadijević stormed at me. In early 1991, the JNA tried to force the Yugoslav presidency—a comically weak, collective, eight-person chief of state—to declare a national emergency and authorize the army to disarm the Slovenian and Croatian militaries. This bid, which amounted to a military coup, was frustrated politically by the democratically inclined presidency members from Macedonia and Slovenia, Vasil Tupurkovski and Janez Drnovšek. The defeat led Milošević to use the four votes he controlled in the eight-member presidency to subvert the scheduled rotation of its "president" from a Serb to a Croat. I asked Milošević several days before the May 15 election by the presidency if he would block the accession of the Croat Stipe Mesić, even though it was called for by constitutional precedent. "Serbia will always act in the spirit of the highest democratic principles," replied Milošević, who was always at his most mellifluous when expatiating on his devotion to democracy. "There will be a democratic vote in the presidency."

"But are you going to accept a fair transition from a Serb to a Croat president?" I pursued. "Mr. Zimmermann,"

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he said, "you can tell your government that it has absolutely nothing to worry about." I cabled Washington that Mesić was not a sure thing. Two days later Milošević's allies on the presidency blocked Mesić's ascension, throwing Yugoslavia into a constitutional crisis. When I accused Milošević later of lying to me, he asserted that he had not actually promised that Mesić would be named. The incident illustrated three important traits of Milošević's character: his cynicism about Yugoslavia's unity and institutions, his natural mendacity, and the pains he always took to avoid direct responsibility for aggressive actions. The third trait was to become particularly relevant to Milošević's hidden hand in the Bosnia crisis.

ENTER BAKER

It was in the context of Milošević's move against the Yugoslav presidency and its Croatian president-designate, Croatian actions against the jobs and property of Serbs in Croatia, growing violence between Serbs and Croats, and the threat by both Slovenia and Croatia to withdraw from Yugoslavia at midyear that Secretary of State James Baker arrived in Belgrade on June 21, 1991.

During his one-day visit Baker had nine consecutive meetings: with the Albanian leaders from Kosovo, with all six republican leaders, and twice with Yugoslav Prime Minister Ante Marković and Foreign Minister Budimir Lončar. Listening to Baker deal with these complex and irascible personalities, I felt that I had rarely, if ever, heard a secretary of state make a more skillful or reasonable presentation. Baker's failure was due not to his message but to the fact that the different parts of Yugoslavia were on a collision course.

Baker expressed the American hope that Yugoslavia would hold together behind the reformist Marković, who by that time was seen increasingly as a figurehead or, even worse, a fig leaf. Baker said that it was up to the people of Yugoslavia to determine their future governing structures; the United States would support any arrangement on which they could peacefully agree. Baker told Croatian President Franjo Tudjman and Slovene President Milan Kučan that the United States would not encourage or support unilateral secession; he hoped they would not secede, but if they had to leave, he urged them to leave by negotiated agreement. He argued that self-determination cannot be unilateral but must be pursued by dialogue and peaceful means. To Milošević and (indirectly) the army, Baker made clear that the United States strongly opposed any use of force, intimidation, or incitement to violence that would block democratic change. Yugoslavia could not be held together at gunpoint. In his encounter with Milošević—the most contentious of the nine meetings—Baker hammered the Serb leader on his human rights violations in Kosovo, urged his acquiescence to a looser constitutional arrangement for Yugoslavia, and pressed him to stop destabilizing the Yugoslav presidency.

Never was a green light given or implied to Milošević or the army to invade the seceding republics, as has since been alleged in some press accounts. But was there a red light? Not as such, because the United States had given no

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consideration to using force to stop a Serbian/JNA attack on Slovenia or Croatia. Nor, at that point, had a single member of Congress, as far as I know, advocated the introduction of American military power. Baker did, however, leave a strong political message. He said to Prime Minister Marković, a conduit to the army, "If you force the United States to choose between unity and democracy, we will always choose democracy."

Baker's message was the right one, but it came too late. If a mistake was made, it was that the secretary of state had not come six months earlier, a time that unfortunately coincided with the massive American preparations for the Persian Gulf War. By June 1991, Baker was making a last-ditch effort. Even so, it is not clear that an earlier visit by Baker would have made a difference. The aggressive nationalism emanating like noxious fumes from the leaders of Serbia and Croatia and their even more extreme advisers, officials, media manipulators, and allies had cast the die for disintegration and violence.

The breakup of Yugoslavia is a classic example of nationalism from the top down—a manipulated nationalism in a region where peace has historically prevailed more than war and in which a quarter of the population were in mixed marriages. The manipulators condoned and even provoked local ethnic violence in order to engender animosities that could then be magnified by the press, leading to further violence. Milošević gave prime television time to fanatic nationalists like Vojislav Šešelj, who once said that the way to deal with the Kosovo Albanians was to kill them all. Tudjman also used his control of the media to sow hate. Nationalist "intellectuals," wrapped in the mantle of august academies of sciences, expounded their pseudo-history of the victimization of Serbs (or Croats) through the ages. One of them seriously asserted to me that Serbs had committed no crimes or moral transgressions at any point in their long history. Worst of all, the media, under the thumb of most republican regimes, spewed an endless daily torrent of violence and enmity. As a reporter for *Vreme*, one of the few independent magazines left in the former Yugoslavia, said, "You Americans would become nationalists and racists too if your media were totally in the hands of the Ku Klux Klan."

SECESSION AND WAR

In late June 1991, just a few days after Baker's departure from Belgrade and almost exactly according to their timetable, Croatia and Slovenia declared independence. Fighting began in Slovenia almost immediately. Contrary to the general view, it was the Slovenes who started the war. Their independence declaration, which had not been preceded by even the most token effort to negotiate, effectively put under their control all the border and customs posts between Slovenia and its two neighbors, Italy and Austria. This meant that Slovenia, the only international gateway between the West and Yugoslavia, had unilaterally appropriated the right to goods destined for other republics, as well as customs revenues estimated at some 75 percent of the Yugoslav federal budget. Even an army less primitive than the JNA would have reacted. Worst of all, the Slovenes'

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understandable desire to be independent condemned the rest of Yugoslavia to war.

The Yugoslav generals, thinking they could intimidate the Slovenes, roared their tanks through peaceful Slovenian streets, slapping aside compact cars as they lumbered through. The Slovenes, trained by the JNA itself in territorial defense, fought back. After ten days, at Milošević's direction or with his acquiescence, the JNA withdrew from Slovenia, leaving the republic effectively independent. Compared to the Croatian and Bosnian wars that followed, the casualty figures in Slovenia seem ludicrously small: 37 JNA and 12 Slovenes killed. They do not bear out the generally held assumption that the Yugoslav army waged an extermination campaign in Slovenia. In provoking war, the Slovenes won the support of the world's television viewers and consolidated their entire population behind independence. Unlike the JNA, they welcomed foreign journalists, to whom they retailed the epic struggle of their tiny republic against the Yugoslav colossus. It was the most brilliant public relations coup in the history of Yugoslavia.

It was no surprise to me that Milošević was willing to let Slovenia go. His policy since 1989 provoked the Slovenes to secede by making it clear that he would not tolerate their liberal, independent ways. With Slovenia out of the game, he and the JNA were now free to take on a Croatia no longer able to count on Slovenia's support.

The fighting in Croatia began with the illusion of evenhandedness. The Yugoslav army would step in to separate the Serbian and Croatian combatants. During the summer of 1991, however, it soon became clear that the JNA, while claiming neutrality, was in fact turning territory over to Serbs. The war in Croatia had become a war of aggression.

As the war grew more bitter through the summer of 1991, the European Community (EC) and the United Nations launched a joint effort to achieve a cease-fire and an agreement among all the Yugoslav republics. Special U.N. envoys Cyrus Vance and Lord Peter Carrington, two former foreign ministers and old friends, shared the Sisyphean task of achieving a peaceful outcome. The determined Vance won the trust of the JNA and succeeded on January 3, 1992, in producing a cease-fire that froze both the military and political status quo in Croatia. The fighting stopped, but the Serbs were left holding about a quarter of the republic. The freeze was unwittingly stabilized by U.N. peacekeepers who arrived in March 1992.

Carrington's job was to get the feuding Yugoslav republics to define the relationship they were prepared to have with each other. He and Vance both argued—as did the U.S. government—that there should be no Western recognition of the independence of any Yugoslav republic until all had agreed on their mutual relationships. If this simple principle had been maintained, less blood would have been shed in Bosnia.

During the fall of 1991, while Vance and Carrington were launching their diplomatic efforts, the JNA shelled the Croatian cities of Vukovar and Dubrovnik, the first major war crimes in Yugoslavia since World War II. The pretty Croatian city of Vukovar, with a

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mixed population, of which over a third was Serb, first came under JNA shelling in August, apparently because of its location on the Danube River between Serbia and Croatia. For three months the army, shrinking from an attack that might have cost it casualties, sat outside the city and shelled it to pieces. The civilian population of the city—Serbs and Croats alike—huddled in cellars. Over 2,000 civilians were killed before the JNA finally "liberated" the city.

One of the employees in our embassy residence, a young Croatian woman named Danijela Hajnal, was from Vukovar; her mother was trapped in a cellar during the siege. During her stay with my wife and me after Vukovar fell, Danijela's mother described the relations between Serbs and Croats during the attack: "There were a hundred people in that cellar," she said, "half of us Croats and half Serbs. We were friends when we went into the cellar, and three months later when we came out, we were still friends." About the same time I asked Danijela how many Serbs and Croats were in her high school class in Vukovar. She replied that she didn't have the faintest idea. These vignettes, which could be multiplied thousands of times over, show how natural it was for Yugoslavs to get along with each other, despite the ranting of their leaders.

Notwithstanding solemn guarantees by General Kadijević, the JNA in October 1991 also shelled Dubrovnik from the hills and the sea. This medieval town, which glowed in the Adriatic like a piece of pink marble, had withstood the depredations of Turks, Venetians, and many other would-be conquerors. Now it was falling under the guns of an army whose constitutional duty was to defend it. Dubrovnik was not destroyed, but the damage inflicted by the Yugoslav army exceeded the best efforts of any previous marauder. Only Milošević pretended that there was any military objective in Dubrovnik. Denying, as usual, any personal responsibility for what the army did, he told me with a straight face that there were foreign mercenaries hiding in the city. Kadijević didn't even pretend that Dubrovnik was a military target. "I give you my word," he told me, "that the shelling of Dubrovnik was unauthorized. Those who did it will be punished." My repeated requests for the details of their punishment went unanswered.

Shelling civilian populations is a war crime. Vukovar and Dubrovnik led directly to the merciless attacks on Sarajevo and other Bosnian cities. Yet no Western government at the time called on NATO's military force to get the JNA to stop shelling Dubrovnik, although NATO's supreme commander, General John Galvin, had prepared contingency plans for doing so. The use of force was simply too big a step to consider in late 1991. I did not recommend it myself—a major mistake. The JNA's artillery on the hills surrounding Dubrovnik and its small craft on the water would have been easy targets. Not only would damage to the city have been averted, but the Serbs would have been taught a lesson about Western resolve that might have deterred at least some of their aggression against Bosnia. As it was, the Serbs learned another lesson—that there was no Western resolve, and that they could push about as far as their power could take them.

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A TAR BABY IN WASHINGTON

Secretary of State Baker's failure to head off the Slovenian and Croatian declarations of independence cooled whatever ardor he may have had for projecting the United States into the Yugoslav imbroglio. During the summer of 1991, it had been fair enough to give the EC a chance to deal with what it called a "European problem." But by autumn, the Serbian/JNA plan for taking over parts of Croatia had crystallized in the attacks on Vukovar and Dubrovnik. Threats to the integrity of Bosnia were growing, and the EC, under German cajoling, was stumbling toward recognition of the breakaway republics. Even without threatening force, the United States could have thrown more weight behind the effort to prevent greater violence. However, between July 1991 and March 1992, the United States was not a major factor in the Yugoslav crisis. In the fall of 1991, at a U.S. ambassadors' meeting in Berlin, a friend from the State Department's European Bureau told me that Yugoslavia had become a tar baby in Washington. Nobody wanted to touch it. With the American presidential election just a year away, it was seen as a loser.

Unfortunately, American immobility coincided with growing pressure on Bosnia. Neither Milošević nor Tudjman made any effort to conceal their designs on Bosnia from me. As a place where Serbs, Croats, and Muslims had coexisted more or less peacefully for centuries, Bosnia was an affront and a challenge to these two ethnic supremacists.

At the end of a long meeting with me, Tudjman erupted into a diatribe against Izetbegović and the Muslims of Bosnia. "They're dangerous fundamentalists," he charged, "and they're using Bosnia as a beachhead to spread their ideology throughout Europe and even to the United States. The civilized nations should join together to repel this threat. Bosnia has never had any real existence. It should be divided between Serbia and Croatia."

I was flabbergasted at this outburst and got the impression that Tudjman's aides who were present were equally surprised. With some heat I asked, "Mr. President, how can you expect the West to help you get back the parts of Croatia taken by the Serbs when you yourself are advancing naked and unsupported claims on a neighboring republic?" There was no answer. I added, "And how can you expect Milošević to respect a deal with you to divide Bosnia when he's trying to annex part of Croatia?" Amazingly, Tudjman answered, "Because I can trust Milošević." On the way down the stairs after this surreal discussion, I asked one of Tudjman's aides if I had gotten too emotional in defending the integrity of Bosnia. "Oh no," he said, "You were just fine."

Milošević's strategy for Bosnia, unlike Tudjman's, was calculating rather than emotional. When Slovenia and Croatia declared independence and stopped participating in the Yugoslav government, Milošević, notwithstanding all he had done to destroy Yugoslavia, now claimed to be its heir. He contended that all those who wanted to "remain" in Yugoslavia should have the right to do so. This included, of course, the Serbs of Croatia and the Serbs of Bosnia. As Milošević explained this to

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me, he added that while the Muslims in Bosnia tended to live in cities, the Serbs were a rural people living on 70 percent of the land, to which they therefore had a right. Thus, at least six months before the Bosnian Serb army and the irregulars from Serbia shattered the peace in Bosnia, Milošević was laying the groundwork for a Serbian claim. From that moment, in every conversation I had with him I emphasized the strong U.S. opposition to any Serbian power play in Bosnia.

FATAL RECOGNITION

When Croatia opted for independence in mid-1991, Bosnian President Izetbegović saw the writing on the wall for his republic. He scurried throughout Europe and the United States looking for ways to head off disaster. He pushed, without success, the dying Izetbegović-Gligorov plan for a loosely connected Yugoslavia. He asked for and got EC observers in Bosnia. He asked for, but did not get, U.N. peacekeepers there. Vance and the U.N. leadership in New York took the traditional if puzzling line that peacekeepers are used after a conflict, not before. The U.S. government did not support Izetbegović on the request for peacekeepers either. In a cable to Washington I urged this innovative step, but did not press for it as hard as I should have. As an unsatisfactory compromise, when the U.N. peacekeepers arrived in Croatia in March 1992, they set up their headquarters in Sarajevo.

In the fall of 1991, German Foreign Minister Hans-Dietrich Genscher pressed his EC colleagues to recognize Slovenia and Croatia and to offer recognition to Bosnia and Macedonia. Izetbegović, briefed by the German ambassador to Yugoslavia on how to make his point with Genscher that EC recognition would bring violence to Bosnia, unaccountably failed to do so in his November meeting with the German foreign minister. The omission can only have led Genscher to assume that he had a green light from Izetbegović for recognition.

I was urging Washington to defer recognition, as the EC ambassadors in Belgrade were urging their governments. Although Washington was opposed to premature recognition, U.S. appeals to EC governments were perfunctory. On December 17, 1991, an EC summit decided to grant recognition. Carrington and Vance both complained loudly and publicly. The State Department's statement, to avoid ruffling the EC, was nuanced. War in Bosnia, which had until then been probable, now became virtually inevitable.

A few days after the EC's decision, I had lunch in Belgrade with Izetbegović's deputy, Ejup Ganić, a Muslim hard-liner who had trained at MIT. I asked him, "Is Bosnia really going to ask for recognition in the face of all the dangers Izetbegović has repeatedly warned about? Wouldn't it be better to tell the European Community that you need more time to work out the political issues involved?" Ganić looked at me as if I had just dropped out of the sky. He said, "Of course we're going to move ahead on recognition. With Croatia and Slovenia now gone, we can't consign Bosnia to a truncated Yugoslavia controlled by Serbia."

I concluded from the abrupt change of tack by Ganić that Izetbegović was

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now playing a double game. With the European Community heading toward recognition, he thought he could get away with it under the guns of the Serbs. Perhaps he counted on Western military support, though nobody had promised him that. Whatever his motives, it was a disastrous political mistake. Serbia, Bosnia's vastly more powerful neighbor, now had the pretext it needed to strike—the claim that 1.3 million Serbs were being taken out of "Yugoslavia" against their will. I believe that Milošević and Bosnian Serb leader Radovan Karadžić had already decided to annex the majority of Bosnia by military force (Milošević had spoken to me of 70 percent). The EC's irresponsibility, the United States' passivity, and Izetbegović's miscalculation made their job easier.

Events took their inexorable course following the EC's recognition decision. Hardly anybody noticed the December 20 resignation of Marković, so powerless had Yugoslavia's last prime minister become. Although defeated by an ad hoc cabal of nationalists, from the liberal Slovenes to the neo-communist Serbs, Marković still departed as a symbol of everything his country needed: a modern, stable economy, the rule of law, and ethnic tolerance. He had treated Yugoslavia like a patient with a serious cancer—nationalism. A semi-heroic, semi-tragic figure, Marković failed, but at least he had fought the cancer instead of adjusting to it. He had aspired to be Yugoslavia's savior. Instead, he turned out to be the Yugoslavian equivalent of Russia's last leader before the Bolshevik deluge, Aleksandr Kerensky. The war in Croatia, the impending war in Bosnia, and a future that promised a generation of violence in the Balkans were the results of Yugoslavia's demise.

PARTNERS IN CRIME

During the first few months of 1992, events in Bosnia careened down two parallel tracks. On one, the Izetbegović government, following the EC lead, prepared for independence. Its referendum on February 29 and March 1 produced predictable results. Practically all the Muslims and Croats voted for independence, yielding a 64-percent majority, while practically all the Serbs boycotted the election. On the other track, the leaders of the Serbian minority prepared for secession and war. Since the 1990 Bosnian election, I had paid periodic visits to Karadžić. The Bosnian Serb leader is a large man with flamboyant hair, an outwardly friendly manner, and the unlikely profession of psychiatry. In the great tradition of nationalists who do not come from their nation (Hitler, Napoleon, Stalin), Karadžić is from Montenegro, not Bosnia. I learned from experience that his outstanding characteristics were his stubbornness and deep-seated hostility to Muslims, Croats, and any other non-Serb ethnic group in his neighborhood.

I was startled to hear the extravagance of Karadžić's claims on behalf of the Serbs. He told me that "Serbs have a right to territory not only where they're now living but also where they're buried, since the earth they lie in was taken unjustly from them." When I asked whether he would accept parallel claims on behalf of Croats or Muslims, he answered, "No, because Croats are fas-

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cists and Muslims are Islamic fanatics." His disdain for the truth was absolute; he insisted that "Sarajevo is a Serbian city," which it has never been. His apartheid philosophy was as extreme as anything concocted in South Africa. He was the architect of massacres in the Muslim villages, ethnic cleansing, and artillery attacks on civilian populations. In his fanaticism, ruthlessness, and contempt for human values, he invites comparison with a monster from another generation, Heinrich Himmler.

Karadžić and Milošević both made an elaborate pretense to me of not knowing each other very well and having no operational contacts. Milošević always reacted with cherubic innocence when I accosted him over Bosnia. "But why do you come to me, Mr. Zimmermann? Serbia has nothing to do with Bosnia. It's not our problem." This fiction suited each leader—Milošević to escape responsibility for aggression, Karadžić to avoid the charge that he was a henchman of Milošević's rather than a Serbian folk hero in his own right.

There is no doubt, however, that the two were partners in war crimes. Copying Milošević's strategy in Croatia, Karadžić's followers—beginning a year before the Bosnian war broke out—declared three "Serb Autonomous Regions" in Bosnia, began an arms supply relationship with the JNA, and accepted JNA intervention in September to define their borders. They established artillery positions around Sarajevo and other towns, created a "Bosnian Serb" army (effectively a branch of the JNA, commanded by a JNA general and using JNA-supplied heavy artillery, tanks, and air power), established their own parliament, and attempted a putsch in Sarajevo on March 2, 1992. In March 1992—before any country had recognized the independence of Bosnia—they declared a "Serbian Republic." These steps, particularly those involving the JNA, would not have been possible without Milošević's direct involvement.

In response to the evidence of Serbian collusion and the results of the Bosnian referendum, and in hopes that recognition might deter a Serbian attack, the United States and other NATO countries recognized Bosnia in early April 1992. However, a few days before, Serbs had launched an attack from Serbia across the Drina River, which forms the border between Serbia and Bosnia. Milošević, Karadžić, and their spokesmen have asserted that the Western recognition of Bosnia had forced the Serbs to move. I doubt this. The two Serbian leaders already had a joint strategy for dividing Bosnia and they were going to carry it out, regardless of what the rest of the world did.

The attack on Bosnia showed that Milošević and Karadžić are apostles of the most aggressive form of nationalism. Milošević-style nationalism has proven singularly resistant to economic inducements, penalties, or any other pressures short of force. Unfortunately, neither the Bush nor the Clinton administration was willing to step up to the challenge of using force in Bosnia, despite significant American interests in the Balkans. Moreover, the two Serbian strongmen, behind their propaganda, espouse the doctrine of the single nation-state, a deeply uncivilized concept. Nation-states have nothing to unify them but

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their nationalism, and power within them will naturally gravitate to the most strident nationalists. Multinational states, a majority in the world, can be deeply conflicted, as Yugoslavia proves. But they can also be schools of tolerance, since the need to take account of minority interests moderates behavior. Yugoslavia had its democrats as well as its demagogues. The attackers across the Drina, however, were barbarians, pure and simple.

The Serbian attack was directed at towns with large Muslim majorities. Gangsters from Serbia proper, including the notorious Arkan, who had left a trail of murder and pillage during the Croatian war, were displayed on Belgrade television swaggering on the debris of Bijeljina and other Muslim towns. Those Serbia-based marauders accounted for the high volume of atrocities committed in the early days of the war—the gang rapes, ethnic cleansing, and wanton murder of Muslim villagers. The presence in Bosnia of irregulars from Serbia drained all credibility from Milošević's assertion that Serbia had nothing to do with what was going on there.

During one of the meetings in which, on Washington's instructions, I accused Milošević of aggression in Bosnia, he asserted, "There isn't a single Serb from Serbia involved in the fighting in Bosnia."

"But," I said, "I saw Arkan on your own Belgrade television boasting about his capture of Bosnian villages."

"Our television is free to broadcast whatever it wants," said Milošević. "You shouldn't take it so seriously. Besides, you needn't worry about trouble in Bosnia. Serbs have no serious grievances in Bosnia; they're not being abused there. This is a big difference with Serbs in Croatia." Via this backhanded compliment to the Izetbegović government, Milošević reduced the Serbian argument for naked aggression to the assumption that Serbs had a right to murder, torture, and expel simply because they did not want to live under an independent multiethnic government that was not abusing them.

LAST WORDS

Just a few weeks before I was recalled in protest against the Serbian aggression in Bosnia, I had my last talk with Karadžić in Belgrade, where he was pretending not to see Milošević. He came to the U.S. embassy, bringing with him as usual his deputy and pilot fish, Nikola Koljević, a Bosnian Serb who had taught in the United States and was an expert on Shakespeare. Koljević's specialty was sidling up to me after my meetings with Karadžić and portraying himself as the humane influence on Bosnian Serb policy. Several months after my departure from Belgrade, I saw a photograph of Koljević directing artillery fire on the civilian population of Sarajevo from a hill above the city.

Perhaps it was fitting that I should have one of my last meetings in doomed Yugoslavia with this macabre pair, the professor of English literature and the psychiatrist. At least Shakespeare and Freud would have understood the power of the irrational that provoked these and other madmen to destroy the human fabric of Yugoslavia.

Karadžić began the conversation by running down his usual litany of criti-

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cisms of the Europeans, attacks on Izetbegović's character and ideology, and laments that the United States should be so blind as to abandon its traditional Serbian allies. He then launched into a stream-of-consciousness justification for everything he was doing. "You have to understand Serbs, Mr. Zimmermann. They have been betrayed for centuries. Today they cannot live with other nations. They must have their own separate existence. They are a warrior race and they can trust only themselves to take by force what is their due. But this doesn't mean that Serbs can hate. Serbs are incapable of hatred."

I sought to pin him down. "What sort of Bosnian Serb republic do you have in mind?" I asked. "Will it be a part of Serbia?"

"That will be for the Bosnian Serb people to decide," he said. "But our first goal is independence, so we can live separately from others."

"Where will your capital be?" I asked.

"Why, Sarajevo, of course."

"But how can a city which is nearly 50 percent Muslim and only 30 percent Serb be the capital for the Serbs alone?"

Karadžić had a ready answer. "The city will be divided into Muslim, Serbian, and Croatian sections, so that no ethnic groups will have to live or work together."

"Just how will it be divided?"

"By walls," he said matter-of-factly. "Of course people will be able to pass from one part of the city to another, as long as they have permission and go through the checkpoints."

I thought of Sarajevo, which for centuries had been a moving symbol of the civility that comes from people of different ethnicities living in harmony. Then I thought of Berlin, where the wall, which had symbolized all the hatreds and divisions of the Cold War, had been torn down just over a year before.

"Do you mean," I asked, "that Sarajevo will be like Berlin before the wall was destroyed?"

"Yes," he answered, "our vision of Sarajevo is like Berlin when the wall was still standing."

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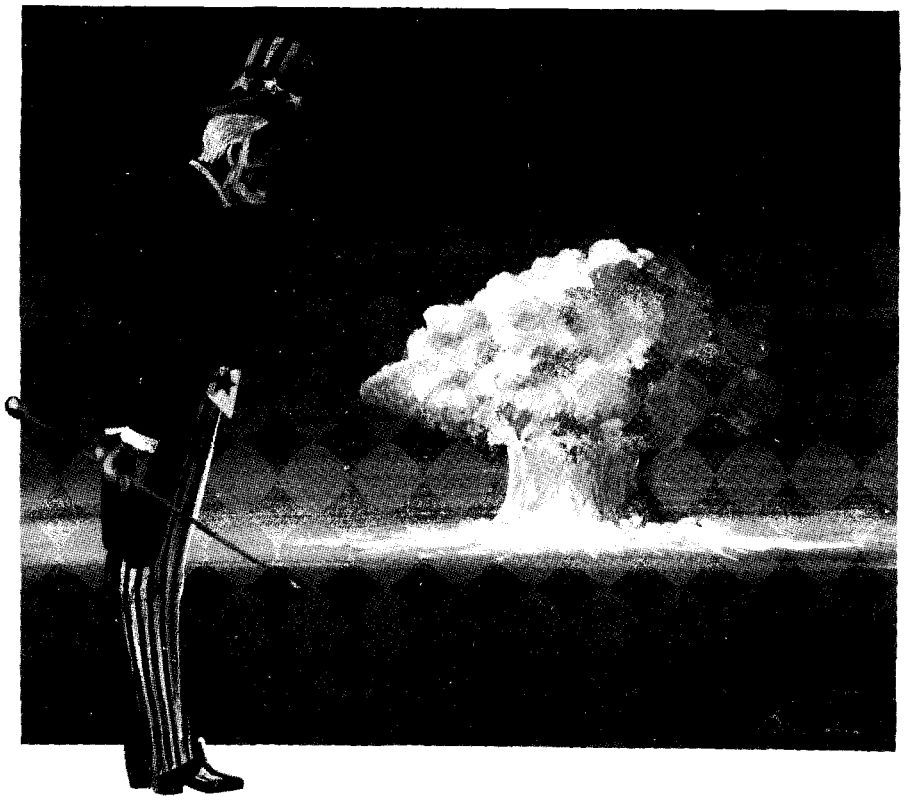

In the post-Cold War era, the signal event has yet to occur: a nuclear attack.

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Lessons of the Next Nuclear War

Michael Mandelbaum

THE DANGERS OF PROLIFERATION

IT DOESN'T TAKE a superpower to pose a nuclear threat. A small, poor country with a few nuclear explosives and the means to deliver them could wreak terrible damage on the United States. Even if never used, a handful of nuclear weapons merely in the possession of an unfriendly country could change a regional balance of power against the United States. Thus, the major military danger now facing the United States in the post-Soviet world is not a particular country but rather a trend: nuclear proliferation.

Because they enhance national power, nuclear weapons are potentially attractive to a wide variety of countries. Yet relatively few have these weapons. The five permanent members of the U.N. Security Council—the United States, Russia, Great Britain, France, and China—all do. Several others either have or are very close to having operational nuclear weapons. The number, however, is far smaller than expected in the early stages of the nuclear age. In 1963 President John F. Kennedy predicted that 15 to 20 countries would have nuclear arms by 1975. Overall, Cold War efforts to prevent the spread of nuclear weapons have been successful.

MICHAEL MANDELBAUM is Christian A. Herter Professor of American Foreign Policy at the Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University, and Director of the Project on East-West Relations at the Council on Foreign Relations. This essay is adapted from a forthcoming book sponsored by the Twentieth Century Fund.

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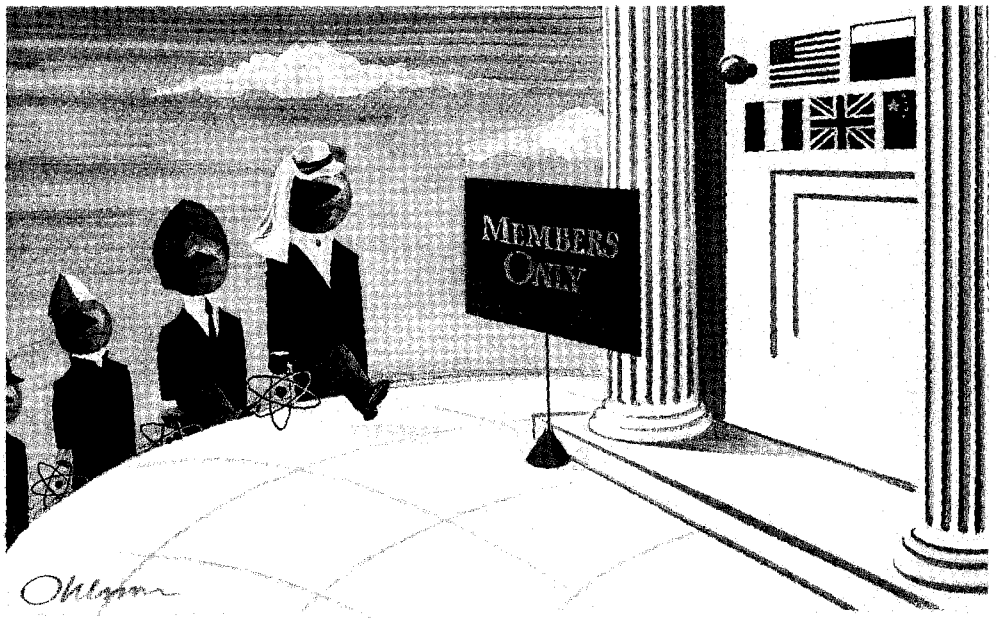

The international spotlight falls on that effort in April, when the fifth Nonproliferation Treaty review conference convenes at the United Nations to reconsider, revise, and extend the treaty. The NPT, which came into force in 1970, now has 168 adherents. The treaty is useful; its extension, highly desirable. The course of nuclear nonproliferation in the post-Cold War era, however, will depend less on what happens at the United Nations in 1995 than in Washington thereafter. The main obstacle to the spread of nuclear weapons is not the NPT but the United States, nor is nonproliferation a single issue: it is composed of three separate problems. Each is now more complicated and urgent than in the past because the end of the Cold War has either weakened or removed the principal restraints on both the demand for and the supply of nuclear weapons. Three different types of states are candidates for nuclear armaments, and three different American policies will be required to discourage or thwart their nuclear ambitions.

The countries in the first and most important category are not ordinarily considered part of the proliferation problem, yet their acquisition of nuclear weapons would have the most powerful impact on international policies. They are the allies. Germany and Japan forswore nuclear weapons during the Cold War because they received security guarantees from the United States. Whether they continue

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as nonnuclear states depends on whether those guarantees continue.

The second group of would-be nuclear states are the orphans. They feel seriously threatened but lack the nuclear protection the allies have enjoyed. None has become a full-fledged nuclear power, but each is close. The orphans, particularly Pakistan, Israel, and Ukraine, are the objects of a different American policy—diplomatic efforts to end the conflicts that have made nuclear armaments attractive to them.

The third category includes those countries at the center of concern about nuclear proliferation. The rogues—Iraq and North Korea most prominent among them—are openly hostile to the United States and are seeking or have sought nuclear weapons. Thwarting them will require strengthening the restrictions on bomb-related material, which the United States was instrumental in creating and enforcing and that the collapse of the Soviet Union has weakened. But these efforts may not suffice. The prevention of proliferation may ultimately require destroying those states' nuclear programs by force. Here again the chief responsibility will fall to the United States. If the nuclear future of the allies depends on American alliance commitments, and that of the orphans on American diplomacy, the nuclear aspirations of the rogues may become one of the chief objects of American military policy.

THE ALLIES

WHY ARE NUCLEAR weapons not more widely dispersed? In part, deterrence, a guiding concept of the nuclear powers' military strategies for most of the Cold War, has kept proliferation at bay. While the two strongest powers deterred each other from using nuclear weapons, other pairs of states deterred each other from acquiring such weapons. For example, India and Pakistan each has a robust nuclear weapons program. But neither state has built a bomb, in part out of concern that the other would follow.

Despite the impact of deterrence, the NPT has not been irrelevant. The organizations and policies that monitor and attempt to restrict the worldwide supply of nuclear materials contribute to nonproliferation. The treaty clarifies and publicizes which states have the bomb

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and which do not. But for a number of nonnuclear signatories to the NPT, adherence to the treaty was the consequence of a decision to abjure the bomb, the cause of which lay elsewhere. What was the basis for this widespread decision?

One possible basis, which has come to be known as the "nuclear taboo," is the feelings of horror that nuclear weapons arouse. This distaste is certainly widely felt but like the NPT is a doubtful explanation for the degree to which the world has been spared the spread of nuclear weapons. In the first place, the taboo is against using, not acquiring, these weapons. Hiroshima, not the Soviet-American arms race, evokes horror. Moreover, like all taboos, this one will be violated under necessity. Individuals will eat forbidden foods, even one another, if the alternative is starvation; nations will acquire and use forbidden weapons if they deem it necessary for survival.

Another possible basis for adhering to the NPT is the two benefits nonnuclear states are supposed to receive in return: assistance in obtaining technology for the peaceful use of nuclear energy and a good-faith effort by states with nuclear weapons to reduce their own arsenals, with the implication that, at some time in the future, all nuclear armaments will be gone.

The first of these promises is hollow. The economic benefits of nuclear technology are at best modest; its diffusion has complicated the effort to prevent nuclear proliferation; and whatever the advantages of nuclear power plants, they are irrelevant to security, the central purpose that nuclear weapons serve. The second promise is false. Steep reductions in and the ultimate abolition of the arsenals of the nuclear "haves" would promote rather than discourage nuclear proliferation. These reductions would undercut the very thing that has kept the spread of nuclear weapons in check: the guarantees of nuclear protection extended by the great powers, above all the United States.

During the Cold War those guarantees were credible in part because the United States had a large number of nuclear armaments, many of them deployed on territories distant from North America. If American nuclear weapons disappeared altogether, the guarantees that rest on them would be worthless. Those guarantees persuaded a class of countries with genuine security concerns and the capacity to equip themselves

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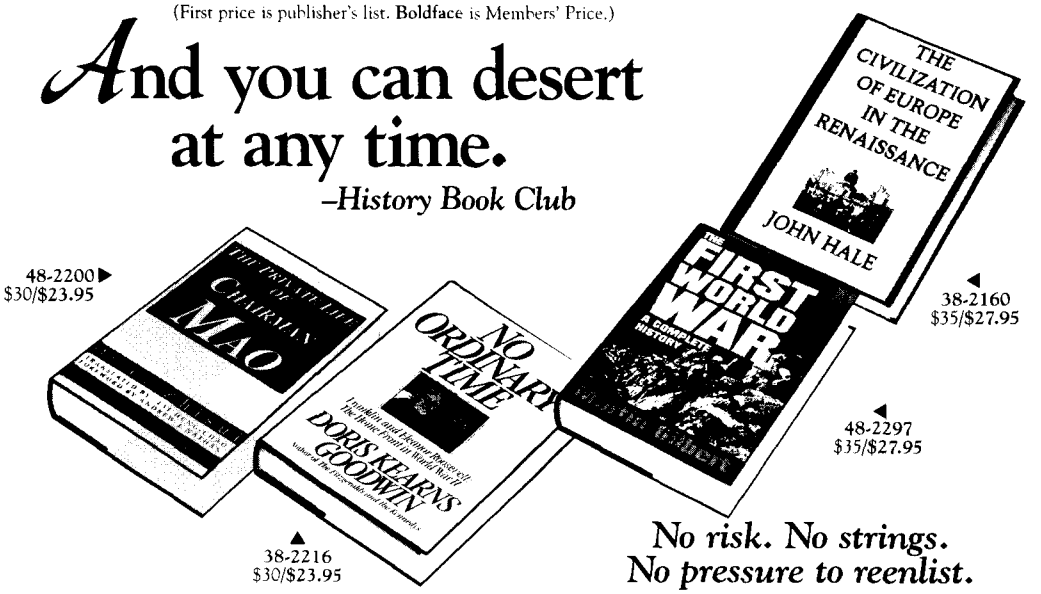
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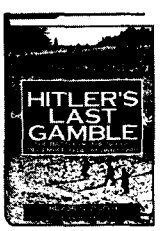

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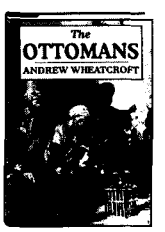

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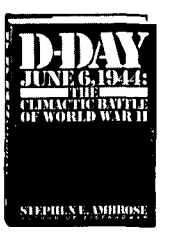

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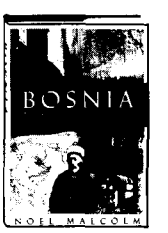

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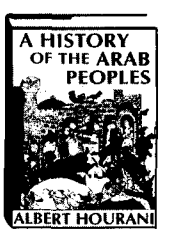

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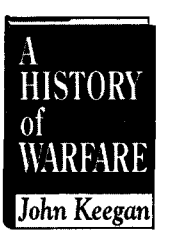

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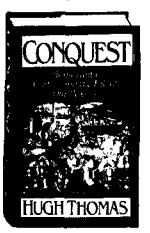

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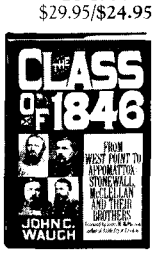

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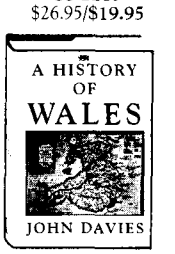

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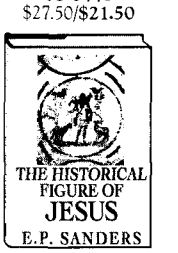

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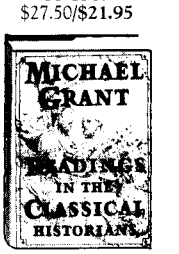

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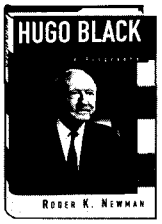

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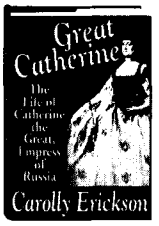

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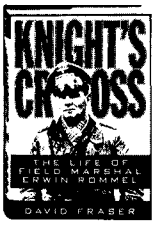

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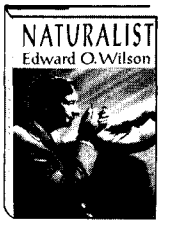

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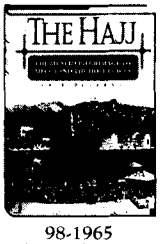

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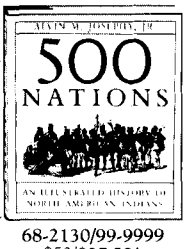

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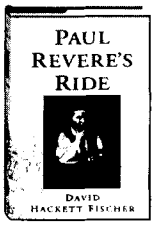

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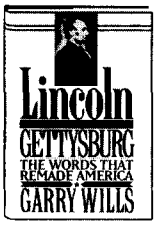

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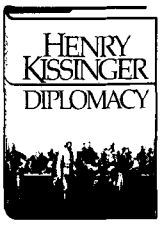

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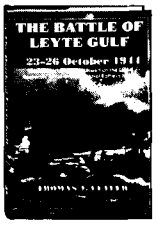

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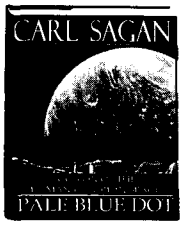

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with nuclear weapons to forgo them. U.S. treaties and the local deployment of American forces kept the German Federal Republic and Japan from acquiring nuclear weapons. Both had the technical capacity. Both had a territorial dispute with the great nuclear rival of the United States, involving the Soviet occupation of the eastern part of Germany and the southern islands of the Kuril chain.

Abolition of the arsenals of the nuclear "haves" would promote proliferation.

The protective American nuclear umbrella extended beyond West Germany to all NATO members. It even extended after a fashion to countries, such as Switzerland, Sweden, and Finland, that were not formally part of the North Atlantic alliance. These countries could reckon that American guarantees to their neighbors made Europe safe enough that they, too, could dispense with nuclear weapons.

In his 1872 book, *The English Constitution,* Walter Bagehot distinguished between the "dignified" parts of the British system of government, "which excite and preserve the reverence of the public" and the "efficient" parts, "those by which it, in fact, works and rules." For the global constitution of nonproliferation during the Cold War, the NPT constituted the dignified part, but its "efficiency" in limiting the spread of nuclear weapons stemmed principally from the American system of alliances and guarantees.

However urgent Germany's and Japan's perceived need for nuclear protection during East-West confrontation, that need has become far less pressing. It has not, however, disappeared completely. Russia and China still have nuclear weapons. Without some means of offsetting those armaments, the allies would have to consider that, at some point, a disagreement with one or the other of the two nuclear-armed giants could arise in which the possession of a nuclear arsenal would confer a decisive advantage. For the entirely legitimate and wholly defensive purpose of short-circuiting this situation, the German and Japanese governments would be moved to seek a substitute for the American nuclear guarantee. The plausible substitutes are nuclear arsenals of their own.

During the Cold War, the United States made elaborate efforts to

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sustain German and Japanese confidence in its security guarantee, both pledging to defend them and deploying troops and weapons on German and Japanese soil. These measures testify to the importance for the United States of thwarting proliferation, even among its closest and most important allies. Yet what Washington has worked so hard to prevent would not be a self-evidently damaging development. Japan and Germany are not only close allies, but they are democracies, with records over the last four decades—admittedly in contrast with the previous four—of spotlessly peaceful foreign policies.

The United States has at least one reason to welcome German and Japanese nuclear weapons. They would relieve Americans of defending two countries sufficiently wealthy and powerful to defend themselves and separated from North America by large oceans. The dangers of German and Japanese nuclear weapons, however, outweigh the advantages. Germany and Japan are large, powerful states. Their acquisition of nuclear weapons would cause more than a ripple in international politics: it would make waves. The change would usher in a multipolar nuclear order, which would supplant the more or less bipolar arrangement of the Cold War. A multipolar order would by some reckonings make the world more dangerous—less stable, less certain, and less easily managed. In multipolar systems, none of the great powers can ever be certain who will side with whom.[1]

The emergence of Germany and Japan as major nuclear powers would likely set off a chain reaction. This emergence would signal the end of the American system of nuclear guarantees; if Germany and Japan gave up their American protection no country could count on the American shield. This development would trigger a wholesale recalculation of security requirements throughout Europe and Asia, which would have to take into account not only the retreat of American military

[1] The argument is John Mearsheimer's. See his "Back to the Future: Realism and the Realities of European Security," *International Security,* Winter 1990/1991. The argument follows Kenneth N. Waltz, *Theory of International Relations,* Reading: Addison-Wesley, 1979, chapter 8. But Waltz elsewhere makes a contrary argument that the spread of nuclear weapons will be a force for political stability for the same reasons that they imposed a standoff on the United States and the Soviet Union. See *The Spread of Nuclear Weapons: More May Be Better,* Adelphi Paper 171, London: International Institute for Strategic Studies, 1981.

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power but also a sharp rise in the military status of Germany and Japan.

No country, least of all Germany and Japan themselves, wishes to see these countries become nuclear powers. Avoiding this eventuality will require keeping the American nuclear commitment in good working order, which in turn means perpetuating in some form NATO and the Japanese-American Treaty of Mutual Cooperation and Security. Because Germany and Japan are, at least for the moment, less threatened than during the Cold War, this commitment should require less imposing American military forces; to ward off uncertainty ought to be less expensive than to deter the Soviet Union. For this purpose, perhaps no American forces will have to be stationed on the European continent or the Japanese archipelago.

But precisely because Germany and Japan as well as the United States are less threatened, even a modest American commitment may prove difficult. The American public may be unwilling to support the deployment of major military forces to reassure prosperous democratic allies that they do not need nuclear weapons. The American people were willing, for four decades, to spend trillions for defense and deterrence; what they will be willing to spend for reassurance, and for how long, remains to be seen.

THE ORPHANS

THE SECOND CLUSTER of nuclear aspirants were also aligned with the United States during Soviet-American confrontation but felt more threatened and less protected than the allies. These countries feared for their lives, having neighbors that they felt did not accept the legitimacy of their existence as sovereign states.

International orphans lacked as firm an American security commitment as the North Atlantic pact and the Japanese-American security treaty but were not entirely alone. They had the benefit of military assistance from and diplomatic cooperation with the United States. But they were orphaned in that they had neither formal treaties of alliance nor American troops on their territories.

Absent an American nuclear umbrella, these orphans mounted substantial nuclear weapons programs and refused to sign the NPT.

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While they neither formally declared themselves nuclear weapons states nor conducted official nuclear tests, by the end of the Cold War they were capable of assembling working bombs on short notice. They engaged in what might be called partial proliferation, stopping just short of full nuclear status out of deference to the nonproliferation sensibilities of the United States as well as a desire not to provoke their neighbors. While the United States disapproved of their programs, the interests it shared with these countries were such that Washington took no effective action against them.

The two prototypical orphans are Pakistan and Israel. India and Taiwan have some features in common with them. The end of the Cold War has had only a modest effect on their military policies. For another group of countries with important features in common with Israel and Pakistan, however, the end of the Cold War has had a transforming effect.

This group consists of the countries of central and Eastern Europe once dominated by the Soviet Union, as well as the former republics of the Soviet Union other than Russia. The end of the Soviet Union has, if not created, then brought into the open a demand for nuclear weapons. Former provinces of the Soviet empire have either recovered or achieved independence. They can now choose which military forces to have, and for some, nuclear weapons are a plausible choice. Their memories of Soviet and pre-Soviet Russian subjugation are fresh. The politics of the new Russia are not yet reliably democratic or respectful of its neighbors' sovereignty. To some of these new states, their recently achieved independence is bound to seem precarious, and nuclear weapons, as guarantors of independence, therefore attractive.

One such former province, Ukraine, resembles Israel and Pakistan. In Russia, Ukraine has a large, powerful nuclear-armed neighbor, some of whose leading political figures do not fully accept Ukrainian independence. Also, like Israel and Pakistan, while Ukraine is not a full-fledged nuclear weapons state it has engaged in partial proliferation. Israel and Pakistan each has something short of a fully assembled (or at least publicly acknowledged and tested) bomb. Ukraine already possesses fully assembled nuclear weapons on its territory but has at best only partial control of them; it has physical custody, but presum-

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ably lacks the actual means to launch the nuclear-tipped missiles it inherited from the Soviet period. Finally, Ukraine, like Israel and Pakistan, has looked to the United States to reinforce its security. Washington pressed Kiev to send all nuclear weapons to Russia. In return, Ukraine asked for security assurances. These Kiev has received but in the most general possible form, as a repackaging of those extended in connection with the NPT and the Final Act of the Conference on Security and Cooperation in Europe, the largely symbolic set of agreements signed by the United States and all European countries, including the Soviet Union, at Helsinki in 1975. The government of Ukraine has promised to give up all its nuclear weapons and ratify the NPT. But the process of doing so is likely to be protracted, and depending on the course of events in Russia the nuclear option may prove tempting.

The end of the Soviet Union has brought into the open the demand for nuclear weapons.

Nuclear weapons would be less consequential in the hands of an orphan than in those of Germany or Japan and less dangerous than in the case of a rogue state. The United States has done less to keep nuclear weapons out of the hands of this second group of potential proliferators than the other two categories, but Washington has not resigned itself to inaction. Pakistani, Israeli, and Ukrainian nuclear weapons pose hazards that the American government has sought to avoid.

The nuclear weapons programs in South Asia raise the specter of nuclear war between India and Pakistan. The Israeli bomb makes it difficult to rally support for curbing the nuclear ambitions of other Middle Eastern countries dangerous to the West. Ukrainian nuclear weapons are undesirable because they may reestablish nuclear-armed political rivalries in Europe, where the end of the Cold War has brought a welcome end to the 40-year nuclear standoff between the United States and the Soviet Union. A Ukrainian nuclear arsenal, moreover, may trigger a decision by nearby Germany to acquire nuclear weapons.

Washington has therefore sought during the Cold War and afterward to limit and perhaps reverse these nuclear weapons programs through diplomatic efforts to reconcile the threatened countries with their adversaries. The United States has been a party to almost con-

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tinuous negotiations between Israel and its Arab neighbors for two decades beginning in 1974. Peace was clearly the necessary condition for nonproliferation. Nuclear programs could be eliminated in the region only in the wake of an end to the conflict that had driven Israel down the path to an independent nuclear arsenal.

The United States adopted a similar pattern with Russia and Ukraine, serving as a mediator and broker. On January 14, 1994, the presidents of the three countries signed a tripartite accord under the terms of which Ukrainian nuclear weapons were to be moved to Russia. Ukrainian President Leonid Kravchuk subsequently announced during a state visit to the United States in November 1994 that his country would ratify the NPT. As with Arab-Israeli peacemaking, the United States promised financial assistance to Ukraine, which was implicitly contingent on Kiev's pledge to give up the nuclear weapons it had inherited from the Soviet Union.

The United States also intervened diplomatically, albeit less frequently and forcefully, in the continuing conflict between India and Pakistan. In response to reports that the two countries were close to war, in which each would likely have targeted the nuclear facilities of the other, in 1990 the Bush administration dispatched a special envoy to prevent the outbreak of hostilities, which in the end did not take place.

Thus if the nuclear future of the allies depends on whether the United States sustains its Cold War treaty commitments, the nuclear programs of the orphans will be influenced, perhaps decisively, by the success of post-Cold War American diplomacy.

THE SUPPLY SIDE

IN ADDITION TO discouraging states from seeking nuclear weapons, the nonproliferation regime erects barriers to acquiring them. It addresses the supply of as well as the demand for weapons and the materials to make them.

By the terms of the NPT, the nuclear weapons states promise not to transfer the bomb to any nonnuclear states. The NPT also created the International Atomic Energy Agency (IAEA), which has a mandate to monitor nuclear power-generating facilities as well as fuel and

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waste storage sites of nonnuclear signatories. The purpose is to ensure these materials are not used to produce materials for nuclear weapons.

The work of the IAEA is supplemented by the efforts of an informal group of countries that manufacture the complicated and expensive machinery for uranium enrichment and plutonium reprocessing. Known as the Nuclear Suppliers Group, its aim is to restrict the commerce in nuclear fuel fabricating facilities that can also be used to make the core of a bomb. Another association outside the formal bounds of the NPT but whose purpose is consistent with the spirit of the treaty was created in 1987, the Missile Technology Control Regime. The aim of the MTCR is to restrict the diffusion of ballistic missiles, the most dangerous vehicles for the delivery of nuclear weapons.

Although the restraints on supply are necessarily multilateral, as are the measures to suppress demand, the United States has assumed the leading role in implementing them. The American government has been far more active than any other in setting the supply-side rules, trying to enforce them, and monitoring compliance.

The different parts of the supply-side regime, like all international agreements, share a common weakness: none includes any power of enforcement. If a sovereign state violates any of its norms, no international mechanism can compel compliance or mete out punishment. Nor does the regime have a perfect record in detecting violations. Iraq mounted a substantial clandestine nuclear weapons program even after signing the NPT and submitting its declared nuclear power-generating plants to IAEA inspections. Moreover, imperfect as the system of supply restraints was during the Cold War, it has come under increased pressure from two post-Cold War developments.

The first of these developments is the improvement and diffusion of technology of all kinds, including what is required to make nuclear weapons and ballistic missiles. By some estimates, 15 to 20 countries—not all of them allies or orphans—will have or be able to have such missiles by the end of the century.[2] The second development is the surge in the availability of nuclear materials brought about by the end of the

[2] See for example, Peter van Ham, *Managing Non-proliferation Regimes in the 1990s: Power, Politics and Policies,* New York: Council on Foreign Relations Press, 1994, p. 24 and Seth Cropsey, "The Only Credible Deterrent," *Foreign Affairs,* March/April 1994, p. 17.

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Soviet Union. Its disintegration led to the weakening or collapse of controls on tens of thousands of weapons, many of them portable, scattered throughout the former Soviet Union; thousands of scientists and engineers, the mainstays of the Soviet military-industrial complex; and hundreds of tons of fissile material from laboratories, reactors, submarines, and weapons to be dismantled under the terms of one or another international agreement. Where the materials necessary for bomb-making were concerned, the Soviet Union was, in effect, an impregnable bank vault. When the U.S.S.R. collapsed, the vast territory on which it had stood turned into a massive bazaar.

THE ROGUES

THE POST-COLD WAR pressure on supply restraints raises the increased likelihood that a select group of countries whose possession of nuclear weapons would run radically counter to the interests of the United States will manage to get them. Most current discussion of proliferation refers to this third category of nations, the rogues, and most of the nonproliferation efforts of the American government are devoted to them. This is so because the political goals that underlie the rogues' desire for nuclear weapons are incompatible with American interests.

In some cases those goals are aggressive. Iraq and Iran want to expand their influence, which would almost certainly not be exercised in ways compatible with American interests. In other cases nuclear weapons may be sought for ostensibly defensive purposes but are unacceptable from the American point of view. North Korea is concerned with its own survival, which at least partly motivated its nuclear weapons program. But a nuclear-armed North Korea would be better able to pursue its commitment to unifying the Korean peninsula, by force if necessary, under communist control. Even if it did not try to attack, subvert, or coerce the South, a North Korea with nuclear weapons would be tempted to sell weapons-related material and equipment, perhaps even bombs, to other countries.

The number of rogue states is relatively small. The list of them invariably includes North Korea, Iran, Iraq, and sometimes Syria,

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Libya, and Algeria. Each is influenced by an ideology—Marxism-Leninism, Islamic fundamentalism, or Arab socialism—with anti-Western and anti-American features. All suffered politically and militarily from the collapse of the Soviet Union, which, by depriving them of a patron and protector, or at least a reliable supplier of weapons, gave added impetus to their nuclear ambitions. None is a full-fledged democracy.

In future wars of nonproliferation, the United States will be obliged to take the lead.

The United States is at the forefront of efforts to prevent the rogues from acquiring nuclear weapons. The American role is based not only on a general aversion to nuclear proliferation but also on commitments, carried over from the Cold War, to the protection of South Korea and the security of Middle Eastern allies.

At least three methods of coping with the prospect of nuclear weapons in the hands of rogues are available. One is to provide countries that might become targets with the means to defend themselves. This approach, however, is technically problematic. Defending against a few missiles fired by a rogue is less taxing than the task President Ronald Reagan set for the United States in 1983—the protection of the continental United States against massive missile barrages that the Soviet Union was (and its Russian successor continues to be) capable of launching. Still, the capacity of current technology to produce even more modest defenses is questionable.

The second method is to offer the rogue generous inducements to give up its nuclear aspirations, the approach the United States has taken with North Korea. American policy has been to buy the North's nuclear program. Even if successful, this approach encourages blackmail. The policy is all too likely to make nuclear weapons programs seem like useful bargaining chips to be cashed for a bonanza of economic assistance from wealthy countries.[3]

Because the number of rogue states is limited, it may be possible to concentrate anti-proliferation resources on them, such as surveil-

[3] In the case of North Korea this course has seemed to the American (and South Korean and Japanese) governments preferable to the alternative: a confrontation that would run the risk of war.

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lance, diplomacy, and economic assistance. But because supply restraints can, sooner or later, be defeated by time, money, and determination, and because even if the world is willing to buy nuclear programs not every rogue will be willing to sell, more forceful methods may be required in order to keep nuclear weapons out of their hands.

More forceful methods have been used twice against the most determined and wealthiest of the rogues, Iraq. Both the raid on the Osiraq reactor by Israel in 1981 and Operation Desert Storm, the military campaign to evict Iraq from Kuwait a decade later, count as successful anti-proliferation measures. Each set back Iraqi President Saddam Hussein's quest for nuclear weapons. Neither, however, is an altogether promising precedent.

Would-be proliferators can insure themselves against a single crippling strike, such as that Israeli warplanes delivered, in the same way that the United States and the Soviet Union during the Cold War protected their nuclear programs from a disarming first strike. They can multiply, disperse, conceal, and shield the component parts of the program so that a single raid could not entirely destroy it. This is exactly what Iraq proceeded to do after 1981.

As for Operation Desert Storm, the anti-Saddam coalition fielded a large, sophisticated army that only the United States could provide. In future wars of nonproliferation, the United States will again be obliged to assume the leading role. The American military has the capacity to conduct such operations, but military operations require political support, and here Desert Storm may prove a weak precedent.

The crippling of Iraq's nuclear program was a byproduct of the war. The official purpose was to evict Iraq from Kuwait. Restoring Kuwait's sovereignty was, in fact, a less important American interest than keeping Saddam Hussein from controlling a large part of the Persian Gulf's oil reserves. A sovereign Kuwait was also less important than a nonnuclear Iraq. But because it constituted an unambiguous violation of international law, the invasion and occupation of Kuwait provided the basis for the political support the war attracted.

The Bush administration probably could not have rallied such extensive domestic and international support exclusively to eliminate Iraq's nuclear weapons program. A military campaign waged solely

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for that purpose would have been a preventive war, which has neither a basis in international law nor a well-established historical precedent.

Under present circumstances, it is difficult to envision 168 countries supporting an arrangement for preventive war as they do the NPT. The one clear instance of nuclear preemption, the Israeli raid on Osiraq, met with general condemnation. Moreover, such an arrangement would have to sanction preventive war against some countries but not others. Its targets would be Iraq and Iran but not Israel, India, Pakistan, Germany, or Japan. To compound the difficulty, such an international convention would also require defining a point in the development of nuclear weapons when a preemptive attack would be justified.

Even if the major powers could agree on the propriety of a preventive war against a dangerous nuclear weapons aspirant, one of them would have to take the lead. The logical candidate would be the United States, which would mean the American public would have to embrace preventive war as a norm, something it was never asked to do during the Cold War.

LESSONS OF THE LAST WAR

A PRESUMPTION IN favor of fighting when not directly attacked has historically emerged from a traumatic experience of armed conflict. Such a presumption represents the lesson of the last war, learned at great cost. The policies that could in retrospect have prevented or won that war become the axiomatic approach to the next one. American foreign policy during the Cold War was based on the lessons of World War II. The commitment to containing the Soviet Union and communism stemmed from the conviction that the failure to check Hitler's ambitions before 1939 led to a terrible and avoidable war.

The Cold War was not a comparably wrenching experience. The next nuclear war, however, the next nuclear shot fired in anger, almost surely would be. It would shock and horrify the world. To be sure, the post-Cold War era has already occasioned horror at the starvation in Somalia, the "ethnic cleansing" in Bosnia, and the slaughter followed by epidemic in Rwanda. But a nuclear explosion would have a more powerful psychological impact on Americans because they will be

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able to imagine this horror happening to them.

The next nuclear war is likely to reshape the nonproliferation policies as well as attitudes and policies well beyond nuclear proliferation of the international community and the United States. Just how it will do so, however, cannot be foreseen.

The next nuclear war could, like World War II, give rise to a powerful bias in favor of preemptive intervention. Once one nuclear weapons program led to nuclear war, the United States might decide to take whatever steps necessary to put a stop to similar programs in other countries. The next Hiroshima could create in American public opinion a consensus in favor of preventive war to keep the bomb out of the hands of rogue states.

The next war could, however, have the opposite effect. Its legacy could be more like that of World War I, which reinforced the historical American determination to remain aloof from the political and military quarrels of Europe. It could revive a foreign policy of isolation, although the geographic scope might differ from the past. Traditional isolation applied to Europe but not Latin America or East Asia. From the next nuclear war Americans might learn to eschew political engagement in any part of the world where nuclear weapons are located or might be used.

Either lesson if translated into policy would mark a basic shift in the American role in the world. In this sense, for American foreign policy, the most important event of the post-Cold War era has not yet taken place.

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America, A European Power

Richard Holbrooke

THE NEW SECURITY ARCHITECTURE

PRESIDENT CLINTON MADE four trips to Europe last year. This commitment of presidential time and attention underlines an inescapable but little-realized fact: the United States has become a European power in a sense that goes beyond traditional assertions of America's "commitment" to Europe. In the 21st century, Europe will still need the active American involvement that has been a necessary component of the continental balance for half a century. Conversely, an unstable Europe would still threaten essential national security interests of the United States. This is as true after as it was during the Cold War.

I do not intend, of course, to suggest that nothing has changed. The end of the Cold War, which can best be dated to that symbolic moment at midnight on December 25, 1991, when the Soviet flag came down over the Kremlin for the last time, began an era of change of historic proportions. Local conflicts, internal political and economic instability, and the return of historical grievances have now replaced Soviet expansionism as the greatest threat to peace in Europe. Western Europe and America must jointly ensure that tolerant democracies become rooted throughout all of Europe and that the seething, angry, unresolved legacies of the past are contained and solved.

RICHARD HOLBROOKE is Assistant Secretary of State for European and Canadian Affairs.

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THE FOURTH ARCHITECTURAL MOMENT

ONLY THREE TIMES since the French Revolution has Europe peacefully reshaped its basic security architecture. Today, the continent is in the middle of nothing less than the fourth such moment in the last two centuries. The first post-Napoleonic security architecture for Europe, designed in 1815 at the Congress of Vienna, helped prevent all-out continental war for 99 years. The young United States, having fought two wars with England in only 40 years, successfully kept its distance, but for the last time.

In the second period of redesign, at Versailles in 1919, President Woodrow Wilson played a central role, but the United States withdrew almost immediately from the very structures it had helped create, thereby weakening them and thus virtually guaranteeing the tragic resumption of total war 20 years later. When the third opportunity arose in 1945, the great powers initially built a system based on Yalta, Potsdam, and the United Nations. But starting in 1947, when the leaders of the West realized that this system would not suffice to stem Soviet expansion, they created the most successful peacetime collective security system in history, centered around the Truman Doctrine, the Marshall Plan, NATO, Atlantic partnership—and American leadership.

This creative architecture reflected the underlying goals of America's postwar engagement in Europe. Its post-Cold War engagement must focus again on structures, old and new. This time, the United States must lead in the creation of a security architecture that includes and thereby stabilizes all of Europe—the West, the former Soviet satellites of central Europe, and, most critically, Russia and the former republics of the Soviet Union.

All the key participants in the new security equation in Europe—the United States, the West and central European countries, and the other nations of the former Soviet Union—desire a peaceful, stable, and democratic Russia, integrated into the institutions of an undivided Europe. No more important political goal has existed in Europe since a newly democratic West Germany was successfully integrated into the European political and security structure after World War II. It is for this and other reasons that the crisis in

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Chechnya, discussed more fully below, has been so disturbing.

Fortunately, most of the great structures of the postwar period offer a usable foundation for building stability. The essential challenge is to maintain their coherence, project their influence, and adapt to new circumstances without diluting their basic functions.

Measured on the post-World War II calendar, the United States is now slightly past the point in the late spring of 1947 when Secretary of State George C. Marshall made his historic speech at Harvard University. The Marshall Plan he outlined that day was not charity. Rather, it was a program of assistance and credits designed to stimulate cooperation among the European states. And it is important to remember that Marshall offered the plan not only to Western Europe but to the Soviet Union, which turned it down for itself and its satellites and instead embarked on a 45-year epoch that condemned an entire region to political and economic ruin.

Those with the ability to preserve peace have the responsibility to build stable structures.

Today, as after World War II, early euphoria has yielded to a more sober appreciation of the problems, new and old. The tragedy of Bosnia does not diminish the responsibility to build a new comprehensive structure of relationships to form a new security architecture. On the contrary, Bosnia, the greatest collective security failure of the West since the 1930s, only underscores the urgency of that task.

In 1947, Americans learned that those with the ability to preserve the peace have a special responsibility to assist in building stable structures in newly democratic neighbors. Then only the United States was secure and prosperous enough to offer Western Europe the assistance it needed. Today an equally prosperous Western Europe (and Japan, which has a stake in and benefits from a stable Europe) will have to put up the bulk of the actual financial assistance, but the United States must continue to play a leading part. In the words of Secretary of State Warren Christopher, the central goal of the United States is "to help extend to all of Europe the benefits and obligations of the same liberal trading and collective security order that have been pillars of strength for the West."

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A final lesson of the Marshall Plan is equally important. Those receiving support must build their own futures. The new democracies must contribute to their own security through both responsible behavior toward neighbors and democracy-building from within. The United States understands, welcomes, and encourages the desire of new European democracies to join the West through membership in its key institutions. But NATO, the European Union (EU), and the other major institutions of the West are not clubs that one joins simply by filling out membership applications. Over time, each has evolved values and obligations that must be accepted by each new member.

THE CHALLENGE OF CENTRAL EUROPE

ANY BLUEPRINT FOR the new security architecture of Europe must focus first on central Europe, the seedbed of more turmoil and tragedy in this century than any other area on the continent. The two most destructive wars in human history began from events on its plains, and the Cold War played itself out in its ancient and storied cities, all within the last 80 years.

Other historic watersheds also have not treated this area well. First the treaties of Versailles and Trianon, then the agreements of Yalta and Potsdam, and finally the collapse of the Soviet empire—those three benchmark events left throughout central Europe a legacy of unresolved and often conflicting historical resentments, ambitions, and, most dangerous, territorial and ethnic disputes. Without democracy, stability, and free-market economies, these lands remain vulnerable to the same problems, often exacerbated by an obsession with righting historical wrongs, real or mythical. If any of these malignancies spread—as they have already in parts of the Balkans and Transcaucasus—general European stability is again at risk. And for Germany and Russia, the two large nations on the flanks of central Europe, insecurity has historically been a major contributor to aggressive behavior.

But if there are great problems there are also great possibilities. For the first time in history, the nations of this region have the chance simultaneously to enjoy stability, freedom, and independence based on another first: the adoption of Western democratic

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ideals as a common foundation for all of Europe. The emotional but also practical lure of the West can be the strongest unifying force Europe has seen in generations, but only if unnecessary delay does not squander the opportunity.

The West owes much of its success to the great institutions created in the 1940s and 1950s. They serve an important internal function for their members, and they also project a sense of stability and security to others. If those institutions were to remain closed to new members, they would become progressively more isolated from new challenges and less relevant to the problems of the post-Cold War world. It would be a tragedy if, through delay or indecision, the West helped create conditions that brought about the very problems it fears the most. The West must expand to central Europe as fast as possible in fact as well as in spirit, and the United States is ready to lead the way. Stability in central Europe is essential to general European security, and it is still far from assured.

THE BUILDING BLOCKS

THE CENTRAL SECURITY pillar of the new architecture is a venerable organization: NATO. To some, the 45-year-old Atlantic alliance may seem irrelevant or poorly designed for the challenges of the new Europe. To others, NATO's extraordinary record of success may suggest that nothing needs to be changed. Both views are equally wrong. Expansion of NATO is a logical and essential consequence of the disappearance of the Iron Curtain and the need to widen European unity based on shared democratic values. But even before NATO expands, its strength and know-how are already playing an important role in building a new sense of security throughout Europe.

Designed decades ago to counter a single, clearly defined threat, NATO is only just beginning a historic transformation. NATO's core purpose of collective defense remains, but new goals and programs have been added. Collective crisis management, out-of-area force projection, and the encouragement of stability to the east through the Partnership for Peace (PFP) and other programs have been undertaken. Command structures have been streamlined. Static forces formerly

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concentrated to meet a possible Soviet attack across central Europe have been turned into more lightly armed, mobile, and flexible multinational corps designed to respond to a different, less stable world.

Two new structures—the North Atlantic Cooperation Council and the PFP—are specifically designed to reach out to countries that are not NATO members. They deserve closer attention, especially the creative new concept so appropriately named the Partnership for Peace. In just one year, this innovative idea has become an integral part of the European security scene, but it remains somewhat misunderstood and underestimated. Contrary to a fairly widespread impression, PFP is not a single organization; rather, it is a series of individual agreements between NATO and, at last count, 24 other countries ranging from Poland to Armenia, including Russia. Each "partner" country creates an individual program to meet its own needs.

Expansion of NATO is an essential consequence of the raising of the Iron Curtain.

PFP is an invaluable tool that encourages NATO and individual partners to work together. It helps newly democratic states restructure and establish democratic control of their military forces and learn new forms of military doctrine, environmental control, and disaster relief. In the future, it will provide a framework in which NATO and individual partners can cooperate in crisis management or out-of-area peacekeeping.

PFP proved its value immediately. In its first year of existence, allies and partners held joint military exercises in Poland, the Netherlands, and the north Atlantic. Ten partners have already established liaison offices with the NATO military command. Sixteen partners have begun joint activities with NATO, and others will follow. A defense planning and review process has been established within the partnership to advance compatibility and transparency between allies and partners. PFP is also a vehicle for partners to learn about NATO procedures and standards, thus helping each partner make an informed decision as to whether it wishes to be considered for membership in the alliance.

From the alliance perspective, PFP will provide a valuable framework for judging the ability of each partner to assume the obligations and commitments of NATO membership—a testing ground for their capa-

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bilities. And for those partners that do not become NATO members the PFP will provide a structure for increasingly close cooperation with NATO—in itself an important building block for European security. If U.S. hopes are realized, and the first year gives every reason to be optimistic, the PFP will be a permanent part of the European security scene even as NATO expands to take in some, but not all, PFP members.

EXPANDING NATO

NO ISSUE HAS been more important, controversial, or misunderstood than whether NATO should remain an alliance of its 16 current members or expand, and if it expands, why, where, when, and how. At the beginning of an important year on this issue, it is useful to clarify where the United States stands, and where it is going.

In essence, 1994 was the year in which, led by the United States, NATO decided it would eventually expand. This decision was reached during the January NATO summit in Brussels and reaffirmed by President Clinton during his return to Europe last June, when he stated that the question was no longer whether NATO would expand but how and when.

Last December, the NATO foreign ministers met again in Brussels, and, again led by the United States, they committed themselves to a two-phase program for 1995. During the first part of this year, NATO will determine through an internal discussion that is already under way the rationale and process for expanding the new, post-Cold War NATO. Then, in the months prior to the December 1995 ministerial meeting, NATO's views on these two issues—"why" and "how"—will be presented individually to PFP members who have expressed an interest in such discussions. This critical step will mark the first time detailed discussions on this subject have taken place outside the alliance. Then the ministers will meet again in Brussels in December and review the results of the discussions with the partners before deciding how to proceed.

This process, which at every stage requires the agreement of all 16 NATO members, is still in its initial stages. It is not yet widely understood. Given the importance of NATO, it is not surprising that some outside observers wish to accelerate the process while others do not

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want it to commence at all. The Clinton administration and its NATO allies, after some initial disagreements, have chosen a gradual and deliberate middle course—and have begun the process.

Several key points should be stressed:

• First, the goal remains the defense of the alliance's vital interests and the promotion of European stability. NATO expansion must strengthen security in the entire region, including nations that are not members. The goal is to promote security in central Europe by integrating countries that qualify into the stabilizing framework of NATO.

• Second, the rationale and process for NATO's expansion, once decided, will be transparent, not secret. Both Warsaw and Moscow, for example, will have the opportunity to hear exactly the same presentation from NATO later this year, and both should have access to all aspects of the alliance's thinking in order to understand that NATO should no longer be considered an anti-Russian alliance. As former National Security Adviser Zbigniew Brzezinski, an advocate of rapid expansion, wrote in the January/February 1995 issue of *Foreign Affairs*, "Neither the alliance nor its prospective new members are facing any imminent threat. Talk of a 'new Yalta' or of a Russian military threat is not justified, either by actual circumstances or even by worst-case scenarios for the near future. The expansion of NATO should, therefore, not be driven by whipping up anti-Russian hysteria that could eventually become a self-fulfilling prophecy."

• Third, there is no timetable or list of nations that will be invited to join NATO. The answers to the critical questions of who and when will emerge after completion of this phase of the process.

• Fourth, each nation will be considered individually, not as part of some grouping.

• Fifth, the decisions as to who joins NATO and when will be made exclusively by the alliance. No outside nation will exercise a veto.

• Sixth, although criteria for membership have not been determined, certain fundamental precepts reflected in the original Washington treaty remain as valid as they were in 1949: new members must be democratic, have market economies, be committed to responsible security policies, and be able to contribute to the alliance. As President Clinton has stated, "Countries with repressive political systems, countries

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with designs on their neighbors, countries with militaries unchecked by civilian control or with closed economic systems need not apply."

• Lastly, it should be remembered that each new NATO member constitutes for the United States the most solemn of all commitments: a bilateral defense treaty that extends the U.S. security umbrella to a new nation. This requires ratification by two-thirds of the U.S. Senate, a point that advocates of immediate expansion often overlook.

A BROAD CONCEPT OF SECURITY

NATO EXPANSION CANNOT occur in a vacuum. If it did, it would encourage the very imbalances and instabilities it was seeking to avoid. In addition to NATO, a variety of organizations and institutions must contribute to the new structure of peace. The new architecture should involve both such institutions as NATO and the EU, which strive for true integration among members, and others such as the Organization for Security and Cooperation in Europe (OSCE), which provide a wide, inclusive framework for looser forms of cooperation.

Although the EU is primarily a political and economic entity, it also makes an important contribution to European security. The integration of West European nations has virtually transcended the territorial disputes, irredentist claims, social cleavages, and ethnic grievances that tore apart European societies in earlier eras.

The extension of the EU eastward (and southward, if Cyprus and Malta join) will therefore be immensely important. It will integrate and stabilize the two halves of Europe. This process began with the entry of Austria, Finland, and Sweden at the beginning of this year. Europe agreements committed the EU and six central European nations to industrial free trade on January 1, 1995, except in steel and textiles, which will follow in 1996 and 1998. Slovenia and the Baltic states are expected to sign similar agreements soon. In December, the EU heads of state and government agreed on a "pre-accession" strategy for eventual entry, presumably sometime early in the next century, of the central European states, Cyprus, and Malta. For Germany, which, in Chancellor Helmut Kohl's powerful phrase, "cannot remain indefinitely Europe's eastern boundary," the extension of the EU is

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especially important, which is why Germany led this move during its term in the EU presidency.

Expansion of NATO and the EU will not proceed at exactly the same pace. Their memberships will never be identical. But the two organizations are clearly mutually supportive. Although the relationship between NATO and the EU is complex, particularly as the EU seeks to define its relationship with the WEU to create a European defense identity, it is clearly mutually supportive; the expansion of both are equally necessary for an undivided and stable Europe.

It would be self-defeating for the WEU to create military structures to duplicate the successful European integration already achieved in NATO. But a stronger European pillar of the alliance can be an important contribution to European stability and transatlantic burden-sharing, provided it does not dilute NATO. The WEU establishes a new premise of collective defense: the United States should not be the only NATO member that can protect vital common interests outside Europe.

STRENGTHENING THE OSCE

NEITHER NATO NOR the EU can be everything to everyone, and the other organizations above are focused on narrower issues. There is, therefore, a need in the new European architectural concept for a larger, looser region-wide security organization—smaller, of course, than the United Nations—that offers a framework for dealing with a variety of challenges that neither NATO nor the EU is designed to address, one that includes both NATO members and other countries on an equal basis.

Fortunately, the core for such a structure has existed for some years—the Conference on Security and Cooperation in Europe. Its 53-nation structure of human rights commitments, consultations, and efforts at cooperative or preventive diplomacy was intended to fill a niche in the new Europe. Born out of the 1975 Helsinki Accords, the CSCE unexpectedly provided, through its famous Basket III, a lever on human rights and democratic values that played a major role in undermining communism. But it was clear by the middle of last year that the CSCE, while offering intriguing possibilities, had neither the internal coherence nor the political mandate to meet the challenges facing it.

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Moscow and the major NATO allies shared this view. By the fall of last year, all had agreed that as NATO began to look at expansion, the CSCE should be strengthened and upgraded. A significant evolution of this organization, including a name change, began in December 1994 at the Budapest summit attended by President Clinton and Secretary Christopher. The result was a series of steps toward a clearer political and operational mandate, a strengthened consultative apparatus, and a new status. The old "conference" became a full-fledged "organization," and the OSCE was born.

The role of the new OSCE must now be more clearly established. Rather than enforcing behavior through legal or military action, it seeks to improve security by building new forms of cooperation based on consensus. With a membership that literally spans all 24 time zones and a huge array of cultures and nations, OSCE members will often disagree on how its standards are to be implemented. Taking such disagreement as a given, the OSCE must be more aggressive in the search for common ground.

Today security in Europe requires addressing potential conflicts earlier. The OSCE must prove its worth in this area, as the CSCE did in spreading democratic values and legitimizing human rights. The organization has pioneered efforts, however limited, at conflict prevention and crisis management through innovations such as establishing a high commissioner for national minorities and sending resident missions to conflict areas. More must be done.

The United States has taken the lead in pursuing innovations within the OSCE. In the future, the United States will make more vigorous use of the OSCE's consultative and conflict prevention mechanisms. The goal is to establish the OSCE as an integral element of the new security architecture. In a time of great burdens for the United Nations, the OSCE, as a regional organization under Chapter VII of the U.N. Charter, can perform many functions normally expected from the United Nations. The participation of U.N. Secretary General Boutros Boutros-Ghali in the OSCE Budapest summit underlined the importance of such cooperation.

Under no circumstances can the OSCE be a substitute for NATO or the EU. The OSCE can in no way be superior to NATO; the functions

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of the two organizations are and shall remain entirely different. Conversely, expansion of the role of the OSCE does not conflict with the responsibilities of NATO. Its methods occupy a totally different dimension than those of NATO.

A recent example of this function was the agreement reached at Budapest between Russia and the OSCE to merge negotiating efforts on the difficult issue of Nagorno-Karabakh and provide peacekeeping troops once a political agreement is reached—important steps on the OSCE's path to becoming a more meaningful organization. More recently, the Russians agreed to an OSCE fact-finding mission on Chechnya. The very fact that Moscow accepted OSCE involvement is significant, but this involvement came far too late and is too limited.

In Chechnya, Russia should adhere to international standards of human rights.

Without question Chechnya is part of the Russian Federation. At the same time, the United States has maintained from the outset that the Russian government should adhere to international standards, enshrined in OSCE resolutions and elsewhere, of respect for human rights. Tragically and unnecessarily, the Russian government prosecuted its military campaign against the city of Grozny in ways certain to cause large numbers of civilian casualties and hinder humanitarian assistance.

The West's overall objective in Russia and the rest of the former Soviet Union remains integration—bringing emerging democracies into the fold of Western political, economic, and security institutions. From the beginning of the battle for Grozny, Chechnya worked in exactly the opposite direction for Russia. Chechnya also has proved a deeply divisive element in Russian political life and has become a serious setback for the cause of reform, democratization, and the evolution of the Russian Federation as a stable, democratic, multiethnic state. The Chechnya conflict, terrible though it is, has not changed the nature of U.S. interests. President Clinton stated in January that, as Russia undergoes a historic transformation, reacting reflexively to each of the ups and downs that it is bound to experience, perhaps for decades to come, would be a terrible mistake. If the forces of reform are embattled, the United States must reinforce, not retreat from, its support for them.

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The U.S. objective remains a healthy Russia—a democratic Russia pursuing reform and respecting the rights of its citizens, not fragmenting into ethnic conflict and civil war. America's ability to pursue and develop its partnership with Russia depends on a common pursuit of these values and objectives. The reason Russia has qualified as a friend and partner of the United States is that its people and government have embarked on a path of democratization, development of an open civil society, and respect for basic human rights. That is what the United States continues to support in Russia.

RUSSIA AND UKRAINE

TO REPEAT: if the West is to create an enduring and stable security framework for Europe, it must solve the most enduring strategic problem of Europe and integrate the nations of the former Soviet Union, especially Russia, into a stable European security system. Russia is already involved in most aspects of the emerging architecture. It participates actively in the OSCE and worked closely with the United States in upgrading that organization. Russia has signed an ambitious partnership agreement with the EU. It has joined the Partnership for Peace with NATO. It is a candidate for membership in the Council of Europe. The United States supports deeper Russian participation in the Group of Seven industrialized nations and is sponsoring Russia's membership in the World Trade Organization, successor to the General Agreement on Tariffs and Trade. For the first time since 1945, Russia is participating, as a member of the Contact Group on Bosnia, in a multinational negotiating team presenting a unified position on a difficult security issue.

Enhancement of stability in central Europe is a mutual interest of Russia and the United States. NATO, which poses no threat to Russian security, seeks a direct and open relationship with Russia that both recognizes Russia's special position and stature and reinforces the integrity of the other newly independent states of the former Soviet Union. There have been proposals, including one by Russian President Boris Yeltsin in late 1993, for a special arrangement between NATO and Russia, which could take a number of forms. In urging rapid expansion of NATO, Brzezinski proposed in his *Foreign Affairs* article a "for-

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mal treaty of global security cooperation between NATO and the Russian Federation," in conjunction with an upgrade of the OSCE.

Any negotiations between NATO and Russia on this or any other arrangement would be quite complex. They would need to take into account a wide range of factors, including the pace of NATO expansion, the state of other Russian-NATO ties such as the Partnership for Peace, the degree to which the OSCE has been turned into a more useful organization, and the implications of events such as the fighting in Chechnya. Notwithstanding this array of issues, the U.S. government as well as its major allies have supported development of this important new track in the European security framework. Informal discussions of this possibility, while in a highly preliminary phase, began in January when Secretary Christopher met in Geneva with Russian Foreign Minister Andrei Kozyrev.

Any such arrangement must consider the special case of Ukraine. Its geostrategic position makes its independence and integrity a critical element of European security. In Budapest last December, President Clinton and the leaders of Belarus, Kazakhstan, Russia, and Ukraine exchanged documents of ratification for the Strategic Arms Reduction Treaty, formally bringing START I into force. At the same time, Ukraine also deposited its instrument of accession to the Nuclear Nonproliferation Treaty, and the United States, Russia, and the United Kingdom provided security assurances to Belarus, Kazakhstan, and Ukraine.

The basic goals of those seeking to take advantage of this moment in history are the expansion of democracy and prosperity, the integration of political and security institutions, and a unity that has always eluded Europe, even with American involvement. Leaders will have to lead to break through the layers of ambivalence, confusion, complacence, and history that inhibit reforms. As the great architect of European unity, Jean Monnet, observed, "Nothing is possible without men, but nothing is lasting without institutions." The efforts of Monnet, Marshall, and others produced unparalleled peace and prosperity for half a century—but for only half a continent. The task ahead is as daunting as its necessity is evident. To turn away from the challenge would only mean paying a higher price later.

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The Case Against 'Europe'

Noel Malcolm

A FLAWED IDEAL

THE CASE against "Europe" is not the same as a case against Europe. Quite the contrary. "Europe" is a project, a concept, a cause: the final goal that the European Community (EC) has been moving toward ever since its hesitant beginnings in the 1950s. It involves the creation of a united European state with its own constitution, government, parliament, currency, foreign policy, and army. Some of the machinery for this is already in place, and enough of the blueprints are in circulation for there to be little doubt about the overall design. Those who are in favor of Europe—that is, those who favor increasing the freedom and prosperity of all who live on the European continent—should view the creation of this hugely artificial political entity with a mixture of alarm and dismay.

The synthetic project of "Europe" has almost completely taken over the natural meaning of the word. In most European countries today, people talk simply about being "pro-Europe" or "anti-Europe"; anyone who questions more political integration can be dismissed as motivated by mere xenophobic hostility toward the rest of the continent. Other elements of the "European" political language reinforce this attitude. During the 1991-93 debate over the Maastricht treaty, for example, there was an almost hypnotic emphasis on clichés about transport. We were warned that we must not miss the boat or the bus, that we would be left standing on the platform when the European

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train went out, or that insufficient enthusiasm would cause us to suffer a bumpy ride in the rear wagon. All these images assumed a fixed itinerary and a preordained destination. Either you were for that destination, or you were against "Europe." The possibility that people might argue in favor of rival positive goals for Europe was thus eliminated from the consciousness of European politicians.

The concept of "Europe" is accompanied, in other words, by a doctrine of historical inevitability. This can take several different forms: a utopian belief in inevitable progress, a quasi-Marxist faith in the iron laws of history (again involving the withering away of the nation-state), or a kind of cartographic mysticism that intuits that certain large areas on the map are crying out to emerge as single geopolitical units. These beliefs have received some hard knocks from twentieth-century history. Inevitability is, indeed, a word most often heard on the lips of those who have to turn the world upside down to achieve the changes they desire.

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ON LITTLE CAT FEET

THE ORIGINS of the "European" political project can be traced back to a number of politicians, writers, and visionaries of the interwar period: people such as the half-Austrian, half-Japanese theorist Richard Coudenhove-Kalergi, former Italian Foreign Minister Carlo Sforza, and Jean Monnet, a French brandy salesman turned international bureaucrat. When their idea of a rationalized and unified Europe was first floated in the 1920s and 1930s, it sounded quite similar in spirit to the contemporaneous campaign to make Esperanto the world language. Who, at that stage, could confidently have declared that one of these schemes had the force of historical inevitability behind it and the other did not? Both had theoretical benefits to offer, although they were almost certainly outweighed by the practical difficulties of attaining them. It is not hard, surely, to imagine an alternative history of Europe after World War II in which the EC never came into existence and in which, therefore, the project of a united Europe would occupy a footnote almost as tiny as that devoted to the work of the International Esperanto League. Things seem inevitable only because people made them happen.

The impetus behind the "European" idea came from a handful of politicians in France and Germany who decided that a supranational enterprise might solve the problem of Franco-German rivalry, which they saw as the root cause of three great European wars since 1870. For this purpose alone, an arrangement involving just those two countries might have sufficed. But other factors coincidentally were at work, in particular the Cold War, which made the strengthening of Western Europe as a political bloc desirable, and the barely concealed resent-

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ment of French President Charles de Gaulle toward "les Anglo-Saxons," which made him look more favorably on the EC as an Anglo-Saxon-free area that could be politically dominated by France.

Even with these large-scale factors at work, however, it is doubtful whether the "European" project would have got off the ground without the ingenuity of a few individuals, notably Monnet and former French Foreign Minister Robert Schuman. The method they invented was what political theorists now call "functionalism." By meshing together the economies of participating countries bit by bit, they believed a point would eventually be reached where political unification would seem a natural expression of the way in which those countries were already interacting. As Schuman put it in 1950, "Europe will not be built all at once, or as a single whole: it will be built by concrete achievements which first create de facto solidarity."

And so the method has proceeded, from coal and steel (European Coal and Steel Community Treaty), through agriculture and commerce (Treaty of Rome), environmental regulation and research and development (Single European Act), to transport policy, training, immigration policy, and a whole battery of measures designed to bring about full economic and monetary union (the Maastricht treaty). Step by step with these developments has been the march toward political unification, with the growth of a European Court, the development of the European Parliament from a talking-shop of national appointees into a directly elected assembly with real legislative powers, the extension of majority voting at the Council of Ministers, and even the announcement, in the Maastricht treaty, of something called European citizenship, the rights and duties of which have yet to be defined. Almost every

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one of these political changes was justified at the time on practical grounds: just a slight adjustment to make things easier, or more effective, or to reflect new realities. The economic changes and the transfers of new areas of competence to EC institutions are likewise usually presented as mere practical adjustments. At the same time, many continental European politicians (such as German Chancellor Helmut Kohl and French President François Mitterrand) talk openly of the ultimate grand political goal: the creation of a federal European state.

There is a strange disjunction between these two types of "European" discourse, the practical and the ideal. But this is just a sign of functionalism successfully at work. The argument for "Europe" switches to and fro, from claims about practical benefits to expressions of political idealism and back again. If one disagrees with advocates of "Europe" about the practical advantages, they say, "Well, you may be right about this or that disadvantage, but surely it's a price worth paying for such a wonderful political ideal." And if one casts doubt on the political desirability of the ideal, they reply, "Never mind about that, just think of the economic advantages." The truth is that both arguments for "Europe" are fundamentally flawed.

DUNCE CAP

THE ECONOMIC project embodied in the European Economic Community (EEC) was a true reflection of its origins in a piece of Franco-German bargaining. German industry was given the opportunity to flood other member states with its exports, thanks to a set of rules designed to eliminate artificial barriers to competition and trade within the "common market." France, on the other hand, was given an elaborate system of protection for its agriculture, the so-called Common Agricultural Policy.

The general aims of the CAP, as set out in Article 39 of the Treaty of Rome, included stable markets and "a fair standard of living for the agricultural community." On that slender basis, France established one of the most complex and expensive systems of agricultural protectionism in human history. It is based on high external tariffs, high export subsidies, and internal price support by means of intervention

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buying (the most costly system of price support yet invented, since it involves collecting and storing tens of millions of tons of excess produce). By the time this system was fully established in 1967, EEC farm prices had been driven up to 175 percent of world prices for beef, 185 percent for wheat, 400 percent for butter, and 440 percent for sugar. The annual cost of the CAP is now $45 billion and rising; more than ten percent of this is believed to be paid to a myriad of scams. Thanks to this policy, a European family of four now pays more than $1,600 a year in additional food costs—a hidden tax greater than the poll tax that brought rioters out onto the streets of London.

Even the most hardened advocates of "Europe" are always a little embarrassed by the CAP. The massive corruption that flows from it—phantom exports picking up export subsidies, smuggled imports relabeled as EC products, nonexistent Italian olive groves receiving huge subsidies, and so on—is embarrassing enough, but it is the system itself that requires defense. Ten or twenty years ago, one used to hear its proponents arguing that at least there would be stocks of food available if Western Europe came under siege. That argument seemed thin then and sounds positively fatuous today. If pressed, they will insist that the CAP is gradually being reformed, pointing out that the beef mountains and wine lakes are getting smaller. These reforms, however, are achieved only by spending more money in such schemes as the infamous set-aside payments given to farmers as a reward for not growing anything. More commonly, though, the defenders of "Europe" will say that the CAP is just an unfortunate detail, that they are aware of its problems, and that one really should not use it to blacken "Europe's" name.

But the CAP is not just a detail. It is, by a huge margin, the largest single item of EC spending, taking up roughly 60 percent of the budget every year. It dominates the EC's external trade policy, distorting the world market and seriously undermining the ability of poorer countries elsewhere to export their own agricultural produce. It almost broke the Uruguay round of the General Agreement on Tariffs and Trade (GATT), thanks to the French government's irrational obsession with agricultural protectionism—irrational, that is, because agriculture accounts for only four percent of French GDP, and much of the other 96 percent would have benefited from lower world tariffs.

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No account of the economic functioning of "Europe" can fail to begin with the CAP, and no study that examines it can fail to conclude that it is a colossal waste of money. Even the European Commission, which administers the scheme, has admitted that "farmers do not seem to have benefited from the increasing support which they have received." Enthusiasts for "Europe" often wax lyrical about European achievements such as the German highway system or the French railways—things that were built by national governments. Almost the only major achievement of the EC—the only thing it has constructed and operated itself—is the CAP. It is not an encouraging precedent.

LEVELING THE PLAYING FIELD

THE CAP sets the tone for other areas of the EC's trading policy. Although it would be unfair to describe the EC as behaving like a "Fortress Europe" (so far), it is nevertheless true that "Europe" has evolved an elaborate system of tariffs and discriminatory trading agreements to protect its sensitive industries. Agriculture has the highest tariffs; ranging below it are such products as steel, textiles, clothing, and footwear (as Poland, Hungary, and the Czech Republic have discovered to their dismay—food, steel, textiles, clothing, and footwear being their own most important products). The EC has been at the forefront in developing so-called voluntary export restraints with countries such as Japan. In addition, "Europe" has shown extraordinary ingenuity in adapting the GATT's "antidumping" measures to block the flow of innumerable imports: electronic typewriters, hydraulic excavators, dot-matrix printers, audiocassettes, and halogen lights from Japan; compact disc players from Japan and Korea; small-screen color televisions from Korea, China, and Hong Kong, and so on.

A recent study of EC trade policy by L. A. Winters uses the phrase "managed liberalization" to describe the EC's foot-dragging progress toward freer trade. "Managed liberalization," notes Winters, "is a substitute for genuine liberalization, but a poor one, because it typically attenuates competition in precisely those sectors which are most in need of improved efficiency." Nor is this surprising, since the trade policy emerges from a system of political bargaining in which the governments

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of EC member states compete to protect their favorite industries. Massive state subsidies to flagship enterprises (French car manufacturers, Spanish steel mills, Belgian and Greek national airlines) are common practice. In addition, the officials at the European Commission in Brussels are strongly influenced by the French *dirigiste* tradition, which sees it as the role of the state to select and nurture special "champion" industries. This was the driving force behind the new powers granted to the EC in 1986 to "strengthen the scientific and technological basis of European industry." In practice, this means spending millions of taxpayers' dollars developing French microchips that will never compete with East Asian ones on the open market.

Inside the tariff wall, a kind of free trade area has indeed been created. Many obstacles to trade have been removed (though important barriers remain in the realm of services, as British insurance firms are still discovering when they try to break into the German market), and industry as a whole has benefited from this process of internal liberalization. However, the long-term effects may be more harmful than beneficial. In their attempt to create a level playing field for competition on equal terms within the EC, the administrators of "Europe" have leveled up, not down. They have tried to raise both the standards and the costs of industry throughout the community to the high levels practiced in Europe's foremost industrial country, Germany. When this process is complete, industrialists inside the EC may indeed sell goods to one another on equal terms, but their goods will all be uncompetitive on the world market.

Brussels forces labor costs up to German standards, penalizing small enterprises.

This leveling up occurs in two areas. The first is the harmonization of standards. Brussels has issued a mass of regulations laying down the most minute specifications for industrial products and processes; the dominant influence on these has been the German Institute for Norms, which has the strictest standards in Europe. Harmonization is meant to simplify matters for producers, who now have only one standard within the EC instead of various national ones. But in many cases, as the task of matching product to standard becomes relatively simpler, it is also made absolutely more expensive. In addition, the EC has powers relating to envi-

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ronmental protection and health and safety at work, which are increasingly used to impose German-style costs on industries and services. The costs fall especially heavily on small enterprises, which have to pay disproportionately for monitoring equipment, inspection, and certification. This distorts the market in favor of large corporations, penalizing the small enterprises that are the seed corn of any growing economy.

"Europe" will stumble under the weight of its costs like a woolly mammoth sinking into a melting tundra.

The second way in which the playing field is leveled up to German standards is in the social costs of labor. German employers pay heavily for the privilege of giving people jobs: there are generous pension schemes to pay for health insurance, long holidays, maternity and paternity leave, and other forms of social insurance. As a consequence, labor costs are $25 per hour in the former West Germany (the highest in the world), as opposed to $17 in Japan, $16 in the United States, and $12 in the United Kingdom. German work practices mean that a machine in a German factory operates an average of only 53 hours a week, as opposed to 69 hours in France and 76 in Britain. And the average worker in Germany spends only 1,506 hours each year actually at work, as opposed to 1,635 hours in Britain, 1,847 in the United States, and 2,165 in Japan.

Over the last five years, the European Commission has proposed a whole range of measures to increase the rights of workers and limit their working hours. When measures in this so-called social action program could not gain the required unanimous support from member states (notably Britain), they were dressed up as health and safety matters, for which only a majority vote is required. Further costs on employers were imposed by a "social protocol" added to the Maastricht treaty. Although Britain was able to gain a special exemption from this agreement, it is likely that many of the new measures adopted under the protocol eventually will filter back to Britain through other parts of the "European" administrative machine.

Some of these measures are inspired, no doubt, by concern for the plight of the poorest workers in the community's southern member states. But the general aim of the policy is clearly to protect the high-labor-cost economies (above all, Germany) from competitors

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employing cheaper labor. In the short or medium term, this policy will damage the economies of the poorer countries, which will have artificially high labor costs imposed on them. In the long term, it will harm Germany, too, by reducing its incentive to adapt to worldwide competition. "Europe," whose share of world trade and relative rate of economic growth are already in decline, will enter the next century stumbling under the weight of its own costs like a woolly mammoth sinking into a melting tundra.

The final expression of this leveling-up syndrome is the plan for monetary union. As outlined in the Maastricht treaty, the idea is to create a Euro-deutsche mark, operated by a body closely modeled on the Bundesbank and situated in Frankfurt. Earlier moves in this direction were not encouraging: the European Exchange Rate Mechanism, which linked the currencies of member states to the deutsche mark, fell apart spectacularly in October 1992. In the process, the British government spent nearly $6 billion in a doomed attempt to prop up the pound, and Germany is thought to have spent roughly $14 billion in an equally futile effort to support the Italian lira. The artificially high interest rates that countries such as Britain had imposed to maintain their currency's parity with the deutsche mark severely intensified the 1989-93 recession; the human costs of the unnecessary indebtedness, bankruptcies, and unemployment cannot be calculated.

The Exchange Rate Mechanism was, as Professor Sir Alan Walters, an adviser to former British Prime Minister Margaret Thatcher, famously put it, "half-baked." Currencies were neither fully fixed nor freely floating but pegged to so-called fixed rates that could be changed. This provided the world markets, at times of pressure on any particular currency, with an irresistible one-way bet. That problem, of course, will not arise once the currencies of "Europe" are merged into a single Euro-mark—though the activities of the world currency markets in the days just before the conversion terms are announced will be a wonder to behold.

Once the Euro-mark is in place, a different set of problems will arise. Whatever the "economic convergence programs" dutifully embarked on by the governments of member states, this single currency will be covering a number of national economies with widely varying charac-

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teristics. Hitherto, changes in the values of their national currencies have been one of the essential ways in which the relative strengths and weaknesses of those countries were both expressed and adjusted. With that mechanism gone, other forms of expression will operate, such as the collapse of industries or the mass migration of labor.

The European Commission understands this problem and has a ready solution: massive transfers of money to the weaker economies of "Europe." The machinery to administer this huge program of subsidies is already in place, in the form of regional funds, "structural" funds, and "cohesion payments." All that is lacking so far is the actual money, for which purpose the outgoing president of the European Commission, Jacques Delors, recently proposed increasing the European budget by more than $150 billion over the next five years.

A model for the future of an economically unified Europe can be found in modern Italy, which united the prosperous, advanced provinces of the north with the Third World poverty of the south. After more than a century of political and economic union, huge disparities still remain between the two halves of Italy—despite (or indeed partly because of) all the subsidies that are poured into the south via institutions such as the Cassa del Mezzogiorno, the independent society established by the Italian government to help develop the south. As southern Italians have had the opportunity to discover, an economy based on subsidies unites the inefficiencies of state planning with almost limitless opportunities for graft and corruption. It is a sad irony that today, just as the leaders of "Europe" are preparing for unification, the politicians of Italy are seriously considering dismantling their country into two or three separate states.

DECAFFEINATED POLITICS

SO MUCH for the economic benefits of European unity. At this point the advocates of "Europe" usually shift to their other line of defense. This is not just a money-grubbing enterprise, they say, to be totted up in terms of profit and loss: "Europe" is a political ideal, a spiritual adventure, a new experiment in brotherhood and cooperation. Has it not made war in Europe unthinkable? Is it not the natural next step for

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mankind, at a time when the old idea of national sovereignty is evidently obsolete? Does it not show the way to the abolition of old-fashioned national feeling, with all its hostilities, prejudices, and resentments?

The answer to all these questions, unfortunately, is no. The argument that the EC is responsible for the lack of war in post-1945 Europe is hard to substantiate. A far more obvious reason is the Cold War, which obliged Western Europe to adopt a common defensive posture and a system of deterrence so effective that war between Western and Eastern Europe never happened. The fact that a group of West European countries were able to cooperate in the EC was more a symptom of the lack of belligerent tensions in postwar Western Europe than a cause. Liberal democracies had been established in most West European countries after 1945; even if the EEC had not existed, it is hard to imagine a scenario in which Germany would have wanted to invade France, or France drop nuclear bombs on Germany. Even if one concedes for the sake of argument that the EEC did ensure peace for the last generation or two, this cannot be used as a reason for closer integration, since the EEC had this supposed effect at a time when it was not a unified supranational entity but a group of cooperating nation-states.

The idea of "Europe" is founded, however, on the belief that the nation-state is obsolete. This is an article of faith against which rational arguments cannot prevail. It is no use pointing out that the most successful countries in the modern world—Japan, the United States, and indeed Germany itself—are nation-states. It matters little if one says that some of the most dynamic economies today belong to small states—South Korea, Taiwan, Singapore—that feel no need to submerge themselves in large multinational entities. And it is regarded as bad taste to point out that the multinational federations most recently in the news were the U.S.S.R. and the Federal Republic of Yugoslavia. They are merely the latest in a long list of multinational states that have collapsed in modern times, from the Austro-Hungarian Empire to the various postcolonial federations set up by the British in central Africa, east Africa, and the West Indies. Nigeria, for example, kept Biafra only by warfare and starvation; India needs armed force to retain Nagaland and Kashmir. "But Europe will not be like that," say the federalists. "We have traditions of mutual

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tolerance and civilized behavior." Yes, we have some such traditions; they are the traditions that have evolved within fairly stable nation-states. Whether they last indefinitely under the new conditions of multinational politics remains to be seen.

What will political life be like in the sort of European federation currently proposed in Brussels and Bonn? Some of the powers of national governments will be transferred upward to the European level, while others will move down to a "Europe of the regions" (Catalonia, Bavaria, Wales, etc.). The official vision of political life at the uppermost level is essentially that of Jean Monnet, the original inventor of the community: a technocrat's ideal, a world in which large-scale solutions are devised to large-scale problems by far-sighted expert administrators. (The most common argument for abolishing nation-states is that problems nowadays are just too big for individual states to handle. In fact, there have always been issues that cross international borders, from postal services to drug enforcement to global trade. It cannot be the size of the problem that dictates that it must be dealt with by supranational authority rather than international cooperation, but some other reason that the advocates of European federation have yet to explain.)

A federal Europe would revive the politics of nationalist hostility and resentment.

This technocratic vision is of a decaffeinated political world, from which real politics has been carefully extracted. Things will surely turn out differently. Real politics will still operate at the European level. The one form it will not take, however, is that of federation-wide democratic politics. For that, we would need "Europe"-wide parties, operating across the whole federation in the way that the Republican and Democratic parties operate across the United States.

There are already some ghostly transnational groupings in the European Parliament: the Socialist Group, the European People's Party (the Christian Democrats), and so on. But these are just alliances formed at Strasbourg by members of the European Parliament elected on the tickets of their own national parties. No one can really envisage ordinary voters in, say, Denmark being inspired by the leader of their preferred Euro-party, who might make his or her

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speeches in Portuguese. The basic facts of linguistic, cultural, and geographic difference make it impossible to imagine federation-wide mass politics ever becoming the dominant form of political life in Europe. Instead, the pursuit of national interests by national politicians will continue at the highest "European" levels. Yet it will do so in a way subtly different from the way in which local representatives within a national political system press for the interests of their localities. Although a member of parliament for Yorkshire may push hard on Yorkshire's behalf, on all major issues the member votes according to what he or she thinks is in Britain's interest; the MP belongs to a national party that addresses those issues with national policies.

The art of "European" politics, on the other hand, will be to do nothing more than dress up national interests as if they were Europe-wide ones. With any particular nation paying only a small proportion of the European budget, each set of national politicians will seek to maximize those European spending projects that benefit their own country. The modus operandi of European politics, therefore (already visible in the Council of Ministers today), will be logrolling and back-scratching: you support my pet proposal, even though you think it is a bad one, and in return I shall back yours. This is a recipe not only for nonstop increases in spending, but also for radical incoherence in policymaking. And with politics at the highest level operating as a scramble for funds, it is hard to see how politicians at the lower level of Europe's "regions" can fail to replicate it: they will have fewer real governmental powers but more populist opportunities to woo their voters with spending.

This type of political life is accompanied by two grave dangers. In any system where democratic accountability is attenuated and the powers of politicians to make deals behind closed doors is strengthened, the likely consequence is a growth in political corruption. Corrupt practices are already common in the political life of several European countries: their exposure has led recently to the prosecution, flight into exile, or suicide of former prime ministers in Italy, Greece, and France. A federal Europe, far from correcting these vices, will offer them a wider field of action.

A more serious danger, however, lies in store for the political life of a federal "Europe": the revival of the politics of nationalist hostil-

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ity and resentment. Aggressive nationalism is typically a syndrome of the dispossessed, of those who feel power has been taken from them. Foreigners are often the most convenient focus of such resentment, whatever the true causes of the powerlessness may be. But in a system where power really has been taken from national governments and transferred to European bodies in which, by definition, the majority vote will always lie in the hands of foreigners, such nationalist thinking will acquire an undeniable logic. Of course, if "Europe" moves ever onward and upward in an unprecedented increase in prosperity for all its citizens, the grounds for resentment may be slight; that is not, however, a scenario that anyone can take for granted.

In this respect, the whole "European" project furnishes a classic example of the fallacious belief that the way to remove hostility between groups, peoples, or states is to build new structures over their heads. Too often that method yields exactly the opposite result. The most commonly repeated version of this argument is that Germany needs to be "tied in" or "tied down" by a structure of European integration to prevent it from wandering off dangerously into the empty spaces of Mitteleuropa. If Germany really has different interests from the rest of "Europe," the way to deal with it, surely, is not to force it into an institutional straitjacket (which can only build up German resentment in the long run), but to devise ways of pursuing those interests that are compatible with the interests of its allies and partners. So far, Germany's involvement in "Europe" looks rather like the action of a jovial uncle at a children's party who, to show goodwill, allows his hands to be tied behind his back. It is not a posture that he will want to stay in for long, and his mood may change when he becomes aware of innumerable little fingers rifling through his pockets.

FIRST AS FARCE . . .

THE FINAL question is whether "Europe" has a valuable role to play on the world stage. The "Europe" we have at present is a product of the Cold War era. Now that the whole situation in Eastern Europe has changed, one might expect the engineers of the EC to go back to the geopolitical drawing board. Instead, they are pressing ahead with the

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same old set of plans at a faster pace. Some enthusiasts for "Europe," such as former EC Commissioner Ralf Dahrendorf or British Foreign Minister Douglas Hurd, have even claimed that the internal development of the EC in the 1980s played a decisive part in bringing about the fall of communism in the east. One rather doubts many East European dissidents ever said: "Have you heard about the new Brussels Directive on Permitted Levels of Lawnmower Noise? This means we really must bring down the communist regime!" The Hurd/Dahrendorf thesis bears a curious resemblance to the recent Michael Jackson music video entitled "Redeeming Eastern Europe," in which the pop star defeats the Red Army singlehandedly while adoring children chant messages of goodwill in (coincidentally) Esperanto.

Since the removal of the Iron Curtain, the new democracies of Eastern Europe have found their ostensible savior strangely reluctant to help it in the one way that matters—namely, by buying their goods. They all want to join "Europe," of course, for two simple reasons: because it is a rich man's club in which fellow members possess huge funds for investment, and because they want to be part of some kind of security grouping. The first requirement could be met by any economic club of nations, of the sort that the EC was for its first couple of decades; it does not call for European political integration. Indeed, any such development would be a strange reward for those East European countries that have only just freed themselves from the embrace of another multinational empire.

The question of European security raises a similar point. The long-term effect of the end of the Cold War will be a gradual reduction in the American defense commitment to Europe. This prospect even causes some pleasure in those parts of Europe—above all, France and Germany—where anti-Americanism has long flourished. Clearly, the Europeans will have to take more care of their own defense. But the question is whether this requires political integration, a Euro-army, a Euro–foreign policy, and a Euro-government. For more than 50 years, NATO has managed to defend Western Europe without any such political integration, and NATO is clearly the most successful international organization in modern history.

"Of course," comes the reply, "NATO was able to function as a loose intergovernmental body because its members were facing a clear com-

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mon threat. The threats and challenges will be more various now, so intergovernmental agreement will be harder to obtain." But that is precisely why such matters should not be funneled into a "European" government operating by majority vote. "Europe" is indeed a collection of countries with different national interests and foreign commitments. On each separate security issue, individual states may have concerns of their own that are not shared by their fellow members (Britain over the Falklands, France over North Africa, Germany and Italy over Yugoslavia, and so on). To try to form a single "European" policy on such issues, whether by unanimity, consensus, or majority voting, is to guarantee at best ineffective compromise and at worst total self-paralysis.

This simple truth has been demonstrated twice in the last four years—the first time as farce, the second as tragedy. The farce was "Europe's" reaction to Iraq's 1990 invasion of Kuwait, when Germany agonized over sending a few trainer jets to Turkey, France sent an aircraft carrier to the Persian Gulf bearing helicopters instead of planes, and Belgium refused to sell ammunition to the British army. The tragedy is Yugoslavia. "This is the hour of Europe!" cried the egregious Jacques Poos, foreign minister of Luxembourg, when Yugoslavian President Slobodan Milošević's army first opened fire in Slovenia and Croatia in the summer of 1991. "We do not interfere in American affairs; we trust that America will not interfere in European affairs," said Jacques Delors, voicing the only consistent and distinctive theme of "European" foreign policy: graceless anti-Americanism. The desire to produce a foreign policy by consensus was just strong enough to ensure that those countries who did understand what was happening in Yugoslavia (above all, Germany) were kept in check by those who did not (above all, Britain). As a result, the recognition of Croatia and Slovenia was delayed by six months, and when it finally came it did so unaccompanied by any measures to protect Milošević's other prospective victims from attack.

The mentality behind the drive for a "European" foreign policy displays a childlike logic. "Think how strong and effective our foreign policies will be if we add them all together!" it says. Similarly, one might say: think what a beautiful color we can make if we mix all the colors of the paint box! The result, inevitably, is a muddy shade of brown.

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Profile

Japan's Invisible Leviathan

Eamonn Fingleton

THE MINISTRY OF FINANCE

PERCEPTIVE WESTERNERS may be forgiven a touch of cognitive dissonance in looking at the Japanese economy. They read daily that Japan has been badly damaged by a terrible economic slump, yet the evidence tells a different story. What are they to make, for instance, of the yen's conspicuous strength? In the last five years, it has risen nearly 40 percent against the U.S. dollar. Meanwhile, Japan's exports have risen 41 percent, giving Japan a current account surplus of $127 billion in 1994. The export surge is even more remarkable because for more than three years the Jeremiahs of the Western press have been predicting disastrous scenarios on the assumption that a high yen would soon price Japanese exports out of world markets. Yet how can a country be an economic has-been if it boasts one of the strongest currencies in the world while it racks up the largest trade surpluses ever recorded?

The truth is that Japan did not collapse in the early 1990s. Far from it. In the five years to the end of 1994, Japan's total output at current exchange rates shot from 55 percent of U.S. GNP to nearly 70 percent. In other words, while the Western press has talked of collapse, Japan has quietly remained on track toward its reputed goal of surpassing the United States to become the world's biggest economy by 2000.

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This is not to say everything has gone smoothly in recent years. In particular, Japan's financial markets have had a bumpy ride. After peaking at the end of 1989, the Tokyo stock market plunged 63 percent over the next two and a half years. In any other advanced nation, such a financial crash probably would have triggered massive damage throughout the economy. Not surprisingly, therefore, when the Tokyo market fell, Western economic commentators gloomily described the Japanese economy as "out of control." But the Japanese economy was never out of control. The Japanese economy does not follow Western logic, whatever Western forecasters say, for the simple reason that it is not a Western free-market economy. The Japanese have discovered that basic changes in the way wealth is created in the twentieth century—specifically the rise of information as a critical factor of production—require a radically different approach to economic management. Thus they have invented a type of economics that behaves in ways that confound the predictive powers of Western observers.

Understanding Japanese power is the critical first step toward understanding the Japanese economy. While Westerners have focused on the mystery, dysfunction, and even chaos that seem to characterize Japanese power, Japanese society is actually one of the most carefully and intelligently structured hierarchies in history.

THE PATH TO POWER

How does one identify the locus of power in Japan? A clue is the career aspirations of its most ambitious youths. All Japan's brightest students fight to get into Tokyo University, and if they make it, the very best of them invariably opt to study law. Where do they go when they graduate? The trail leads directly to a six-floor fortress of a building in the Kasumigaseki, or Foggy Gate, administrative district of central Tokyo. Most foreigners do not recognize this building because it is one of the few in central Tokyo with no English-language identification. Its name is displayed only in three barely readable ideograms *(see next page)*. This is the Okurasho: literally, "the Ministry of the Big Storehouse." In English, it is known as the Ministry of Finance (MOF). It is the pinnacle of Japan's administrative system,

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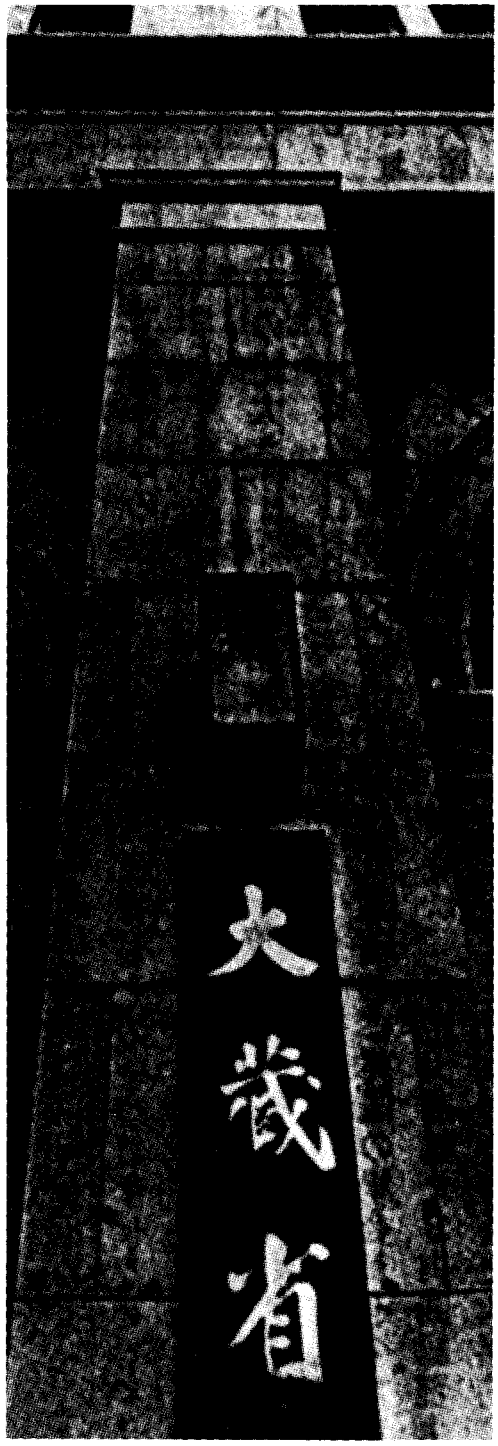
so far above the political and bureaucratic clouds that few Japanese—and even fewer foreign observers—understand its significance. But everyone in the higher reaches of Japan's administrative and commercial life understands. A son who wins entry to the MOF's elite track at the age of 22 or 23 earns his family as much distinction as if he had won a Nobel Prize. To Westerners unfamiliar with Eastern attitudes toward power, this assertion may seem hyperbolic, but it is not. MOF men truly are Nobel-caliber: brilliant, creative, tenacious, public-spirited. Many of them would probably win Nobel Prizes if they chose careers that tend to catch the eye of the Royal Swedish Academy of Sciences. And they are among the vital factors that make the MOF the source of the extraordinary will to win that Westerners have long sensed lies behind Japan's relentless quest for economic expansion.

The MOF is the capstone of a Confucian system of power that is roughly pyramidal. Just under the MOF are big banks; a group of key bureaucratic agencies, of which the Ministry of International Trade and Industry (MITI) is the best known in the West; and the cabinet. The next layer includes big



KODANSHA

The entrance of the MOF.

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industrial corporations, lesser bureaucratic agencies, the securities industry, the press, and the main political parties.

Measured merely by its formal statutory powers, the MOF is a titan among Japanese government agencies. In regulating the financial system alone, it gathers under one roof powers that in the United States are dispersed among the Federal Reserve, the Department of the Treasury, the Federal Deposit Insurance Corporation, the Office of the Comptroller, and the Securities and Exchange Commission. Moreover, the MOF controls the Japanese tax system through the National Tax Agency, one of its divisions. (Historically, the MOF's designation as the Ministry of the Big Storehouse derives from the days when the Japanese paid taxes in rice.)

Yet another crucial MOF lever of power is Japan's national budget. Contrary to appearances, the Diet, Japan's parliament, has no substantive budget powers; it merely rubber-stamps MOF-written legislation. The scope of the MOF does not end there. The MOF controls the Defense Agency via, among other things, staffing; the agency's top ranks are seeded with career MOF officials, and its head is generally a MOF man.

Add it all up: the MOF controls taxing, spending, and defense. Since antiquity, these have been the three defining functions of government.

WHO'S IN CHARGE HERE?

IF THE MOF is so powerful, why has one not heard of it before? In the Confucian tradition, the MOF believes that power is exercised most effectively when it is least obtrusive. Thus its near-invisibility has helped spawn many myths attributing supreme power to other parts of the establishment.

One of the more enduring myths about Japan is that big business runs the country. It is easy to see how Japanese policymaking might sustain such an illusion. Foreign business executives in particular are often impressed by how quickly Japanese business leaders can open doors. After years of futile efforts to break into the Japanese market, a foreign corporation finally decides to do a joint venture with a Japanese partner. Suddenly, as if by magic, the new venture partner effortlessly cuts through previously impenetrable red tape. But the Japanese

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partner is far from all-powerful. He merely understands the Japanese bureaucracy's industrial policy and can recast the foreign company's project to win official support by, for instance, making sure that the foreign company transfers vital, sought-after technologies to Japan. Civil servants often go to some lengths to sustain the illusion of big business' supremacy. Among other things, this allows them to disclaim responsibility for their sometimes controversial economic policies.

Some observers have canvassed a theory that Japan's farmers enjoy a veto power over national policies. But how strong can the farmers' lobby be? Japan's farm population has been deliberately reduced by three-quarters in the last four decades by policies detrimental to farmers. The government has presided over the virtual demise of Japan's silk-growing industry. It saw no point in keeping the industry on life-support after demand fell in the 1950s, so Japan now imports most of its silk from Thailand and other cheap-labor countries. That the markets in rice and other foodstuffs have not been similarly thrown open to foreign suppliers is a reflection less of the farmers' power than of the bureaucracy's concern to maintain food security. If Americans had nearly starved in 1945, their government might also be concerned about food security.

Westerners often fail to understand such nuances because in Japan the direction of causality between policymaking and lobbying is reversed. Whereas in America vested interests tend to create policy, in Japan policy tends to create vested interests. For instance, a preexisting policy of promoting rice production sustains a vociferous rice lobby. If the bureaucracy were to abandon the policy, the rice lobby would dwindle as quickly as the silk lobby did in the 1950s.

Many noted Japan watchers consider MITI the supreme agency of Japanese power. MITI is indeed a powerful agency, particularly (as its name suggests) in shaping the international side of the Japanese economy. Moreover, as Chalmers Johnson has documented, MITI has originated many of the strategies driving Japan's economic growth. But MITI's ideas cannot be implemented without the MOF's financial support. MITI proposes, and the MOF disposes.

In recent times another myth has superseded the "mighty MITI" story: the void-at-the-top theory. This myth states that the various power centers in Japan are constantly warring with each other and no

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power center ever establishes permanent superiority. Thus Japan is leaderless and incapable of charting a rational course. This theory appeals to Western believers in laissez-faire economics, who mistakenly believe that Japan's economy is chaotic and assume that any government that presides over such "chaos" must be dysfunctional.

THE MAKING OF A LEVIATHAN

THE MOF is Japan's oldest surviving power center. Founded in 1869, just after the collapse of Japan's feudal system, it was the successor organization to the deposed shogun's tax-gathering apparatus. The MOF's only rival in seniority is the Bank of Japan. By comparison, the Diet, the courts, the Defense Agency, and MITI are relative parvenus in the Japanese power system. The MOF began playing a pivotal role in Japan's administration right from the start. In fact, the MOF's first recruits included no less than four of the half dozen or so oligarchs who were to dominate Japanese government for the next half-century. These founding fathers—Toshimichi Okubo, Hirobumi Ito, Shigenobu Okuma, and Masayoshi Matsukata—were crucial in launching Japan's quest for great power status in the last decades of the nineteenth century. Okuba was de facto prime minister in the 1870s and coined the catch phrase, "Rich country, strong army"; Hirobumi crafted Japan's first constitution and was a three-time prime minister; Okuma was prime minister twice and is regarded as the father of modern Japanese mercantilism; Matsukata, twice prime minister, was founder of the Bank of Japan. They are big names in Japanese history, roughly the counterparts to George Washington, Thomas Jefferson, Alexander Hamilton, and James Madison in American history.

In the early years of the twentieth century, the MOF found itself increasingly upstaged by the military and the Home Ministry, an octopus of an agency that, among other duties, ran Japan's formidable secret police. For a time, the MOF's main function seems to have been to gather the taxes needed to finance Japan's military machine. But the militarist years left the MOF with one valuable legacy: in the 1930s, it was given massive regulatory powers over the Japanese financial system. These powers, devised to enable the MOF to direct vast amounts

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of capital into Japan's burgeoning munitions industries, remained on the books after World War II and formed the basis of the MOF's tight regulatory control of the financial system in the postwar era.

The MOF's climb to undisputed leadership began with Japan's surrender in 1945. The Americans sent General Douglas MacArthur to head an ambitious program to reform Japanese public life. MacArthur quickly shut down the Japanese military and the Home Ministry, creating a power vacuum that the MOF eagerly filled. Another of MacArthur's objectives, the reform of Japan's economy, also played into the MOF's hand. The centerpiece of this effort was a plan—similar to trustbusting campaigns in the United States—to break up the *zaibatsus*, the huge holding companies that had dominated the Japanese economy. The breakup suited the MOF just fine because the wealthy families who owned the *zaibatsus* had long been an irritating counterweight to its power in shaping economic policy.

The Americans' antagonism towards the *zaibatsus* was well advertised before the war ended. Thus, with characteristic foresight, the MOF was ready when MacArthur arrived. In the days just after Japan's surrender, it covertly launched its characteristically counterintuitive preparations for the *zaibatsu* breakup by ordering an extraordinary round-the-clock program of printing banknotes by the truckload. It even commandeered several of Japan's largest printing factories for the task. Then it warehoused the money at secret locations while it negotiated the breakup details with MacArthur. Japanese and American negotiators quickly agreed that the Japanese government would buy all shares in the *zaibatsu* holding companies, and the owners would receive a special issue of government bonds in return.

Then the MOF delivered the coup de grâce: it released the new banknotes into circulation by the ton, deliberately detonating hyperinflation. The *zaibatsu* owners' bonds became virtually worthless as the yen lost 95 percent of its purchasing power in the next four years. For Japanese citizens with a long memory, all this was déjà vu. Seventy years earlier, in compensation for loss of feudal privileges, the samurai class was given bonds that were reduced by inflation to almost nothing. On that occasion there had been some doubt about whether the inflation was intended. On this occasion, however, the MOF clearly knew what it was doing.

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The MOF closed the loop by imposing a savage wealth tax that took away as much as 90 percent of the assets of some families. Right under the noses of the Americans, the MOF pulled off one of the great power plays in history. When the dust settled, control of industry had been transferred almost painlessly from the capitalist class to a handful of big banks and insurance companies, who in turn were controlled by the MOF. Under the guise of trying to open up Japan to the forces of individualism, MacArthur had instead helped concentrate power in a robust pyramid headed by the MOF. Unwittingly, MacArthur had created a leviathan.

LORDS OF THE BUDGET

IN A recent book, prominent Tokyo journalist Takao Kawakita reported that the MOF dubs itself "the Ministry of the Ministries."[1] The nickname accurately reflects the MOF's near-total control over Japan's $600 billion national budget. MOF officials draw up the main lines of the budget in intense negotiations with civil servants in other ministries. A striking sign of the MOF's preeminence is the protocol for budget negotiations with other ministries. The rule, as recorded by Kawakita, is that other ministries must send an official two ranks higher than the MOF official they are meeting. Thus a senior MITI official, for instance, must suffer the indignity of being treated as an equal by a MOF official who may be 15 years his junior.

As the American political scientist John Creighton Campbell has pointed out, the MOF's preeminence is enhanced by the fact that it screens virtually every new government policy in Japan for budget implications, even negligible ones.[2] Other agencies must get the MOF's permission merely to reassign money from one purpose to another. Moreover, the MOF holds other agencies to a legendarily high standard of parsimony in spending taxpayers' money.

The MOF's budget-setting prerogatives are hard to reconcile with Japan's presentation of itself as a Western democracy. Where do elected representatives fit in? In drafting the budget, the MOF takes

[1] Takao Kawakita, *Okurasho: Kanryo Kiko no Choten*, Tokyo: Kodansha, 1989.

[2] John Creighton Campbell, *Contemporary Japanese Budget Politics*, Berkeley: University of California Press, 1977.

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some soundings in the Diet, but the elected representatives' hands-on involvement begins only after the budget's basic shape is already a fait accompli. Their power to amend spending provisions is limited to minor pork barrel items, such as construction of local bridges and tunnels. In taxation and other key areas of national policy, their role is mainly to rubber-stamp the MOF's decisions.

THE INFORMAL LEVERS OF POWER

MOF BUREAUCRATS outrank elected representatives for many reasons. For one thing, the bureaucrats designed the system (and for the most part masterfully frustrated MacArthur's efforts in the latter half of the 1940s to institute reform). An important part of the design was to create a tremendous community of interest among Tokyo University's old boys. Tokyo University graduates dominate not only the bureaucracy but the major banks and many of the biggest corporations. The essential dynamic here is classic Japanese group logic: the Tokyo University people form a powerful clique, and through peer pressure they almost automatically back each other up. By comparison, politicians generally come from a host of lesser universities. Thus they lack a deep sense of group loyalty and make easy prey for the Tokyo University crowd's divide-and-rule tactics.

The bureaucracy also buttresses its authority by dispatching its retirees to important jobs in the banks and large corporations. Ironically, the Western press has long regarded this retirement system, known as *amakudari*, as one of the Japanese bureaucracy's weak points. The press has imagined that the system provides a means for the private sector to exercise improper influence by dangling promises of attractive post–retirement employment to key government officials. Press commentators, however, have characteristically grasped the wrong end of the stick. They mistakenly assume that individual bureaucrats are free to choose their post–retirement careers. In group-oriented Japan, this assumption does not apply. Retired bureaucrats are obligated to accept jobs approved by their former ministry. In fact, their entire post–retirement career is usually decided by the ministry. Even the MOF's top bureaucrat must submit to this discipline when he retires; his future

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career is determined for him by his successor at the MOF.

Moreover, in contrast with Washington's revolving-door system, former Japanese bureaucrats do not see themselves primarily as lobbyists representing their new employers in influencing their old ministry. On the contrary, they see themselves as ambassadors from their old ministry making sure that their new employers abide by ministerial policy.

In addition to a carefully structured social system, the MOF bureaucrats benefit from many counterintuitive tools of power. Decades ago, the Diet vested the MOF and other agencies with almost complete freedom to write and rewrite Japan's regulations without further approval from elected representatives, thus underpinning the preeminence of MOF bureaucrats. Bureaucrats can more or less make up the law as they go along, even fine-tuning it to harass those who offend them.

The MOF dominates Japan by selectively enforcing laws.

Usually, however, MOF bureaucrats do not need to resort to such extremes. They dominate Japanese society by selectively enforcing existing regulations. Because regulations in Japan are written very restrictively, but enforcement is often deliberately lax, the bureaucrats can maintain a double standard: they tolerate certain kinds of tax evasion, for instance, but can strictly enforce Japan's formidable tax code against anyone they want to punish. When the Japanese car market was first opened to imports, for instance, tax officials made a habit of auditing buyers of foreign cars.

The significance of the tax system as a tool of Japanese power has long been hidden from the West by a widespread belief, voiced most notably by *The Economist*, that the National Tax Agency functions largely independently of the MOF. Anyone who checks the standard Japanese-language directory of the Tokyo bureaucracy, however, can see that this is nonsense. The tax agency is richly laced with career MOF officials, most of whom are destined to return to the MOF. There is not the slightest ambiguity regarding where their loyalty lies.

The shoguns' bureaucracy invented the concept of using selective enforcement in the feudal era as a tool of power, and to this day the ability to calibrate tax assessments individually gives Japanese officialdom great leverage over corporations and wealthy citizens. As the Japanese commentator Kenichi Ohmae reported a few years ago, if corporations

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flout the MOF's guidance, tax officials "can come in and ransack every single page of their books." One prominent Japanese businessman, only half jokingly, recently described the National Tax Agency as "Japan's KGB." The MOF uses selective enforcement not only in tax matters but in banking and securities regulation. Thus the MOF almost effortlessly dominates the corporate sector, which in turn controls Japan's elected representatives by providing them with much of their campaign money.

As if this were not enough, politicians are also subject to direct bureaucratic control via selective enforcement of Japan's election laws. Among other things, the bureaucracy heavily restricts corporate funding for elected representatives. It has also imposed restrictions on elected representatives' efforts to organize grassroots campaigns. Some of the rules are truly amazing. Door-to-door canvassing of voters, for instance, is outlawed in Japan.

How, then, do Japanese politicians win elections? In practice, they flout the rules, particularly those on electoral funding. They also often buy votes via an extraordinary network of local political strategems. Needless to say, purchasing votes is illegal. But as long as a politician remains on good terms with the MOF and other bureaucratic agencies, he or she can probably sleep soundly at night.

Selective enforcement is the hidden dynamic behind most of Japan's political scandals, including the Recruit scandal of the late 1980s, in which prominent people were accused of receiving shares at below-market prices, and the Nomura scandal, in which Nomura Securities was accused of misconduct in selling shares to institutional clients, of the early 1990s. Such scandals have been a constant in Japan for a century and follow a standard pattern. They begin with leaks to the press, usually concern securities violations or tax evasion, and are generally instigated by the MOF. Typically the victims are politicians or their supporters in business. These victims' real offense is usually that they tried to stand up to the MOF.

JAPAN'S NON-REVOLUTION

IF YOU are to believe the Western press, Japan's bureaucrat-dominated government is rapidly crumbling. Supposedly, in 1993 the Jap-

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anese electorate voted decisively for change and thereby triggered what press commentators in the United States billed as an earthquake. Actually, remarkably little has changed in Japan. The press presentation of the 1993 election as an exercise in "throwing the bums out" was a heroic misrepresentation of reality. Virtually every incumbent politician of the formerly dominant Liberal Democratic Party who stood for reelection was victorious. Even LDP politicians who had been deeply implicated in various money-politics scandals were reelected. Whatever change took place stemmed mainly from the fact that, just before the election, some members of the LDP broke away to found a new party. They duly won election under new party labels, prompting the less observant in the Western press to proclaim a revolution. In essence, however, the same old bums had returned to the Diet. Not only that, they arrived via the same old smoke-filled rooms. Japan's voters, as usual, had not been given much choice in the matter.

Clearly almost everyone involved intends to create a new political structure that, in appearance at least, will approximate a Western two-party system. Big business, which has long been somewhat embarrassed by Japan's designation abroad as a one-party state, will welcome such a system. What is less clear is whether the new two-party system will do much to rein in the prerogatives of the bureaucracy, particularly those of the MOF. The new system can be expected to win some token victories in battling the bureaucracy. The MOF, in particular, will probably play along. In fact, it has long been careful in its public dealings to preserve the impression that elected representatives have the last word. In drafting the budget, for instance, the MOF is adept at including unnecessarily unpopular provisions as bargaining ploys. It later makes a show of bowing to pressure from politicians in removing the offending provisions, thus preserving the impression that the popular will prevails. In the economic slowdown of the early 1990s, for instance, the MOF preposterously proposed a doubling of Japan's unpopular consumption tax—and then backed off, ostensibly in response to elected representatives. If the MOF wants to give the new two-party system some power, that is the MOF's decision to make. Moreover, the MOF will retain the power to change its mind later.

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THE MOF'S MAGIC

AMID ALL the confusion about Japan's supposed revolutionary political changes and moribund economics, one thing is clear: the Japanese economy has emerged from the early 1990s stronger than ever. It is hard in the space of a few paragraphs to do justice to Japan's true strength but here are a few facts:

- Between 1989 and 1993, Japan rose from sixth in the world in per capita income to a close second, behind Switzerland.[3]
- Japan's per capita income is now more than 40 percent higher than America's.[4]
- According to Deutsche Bank, Japan in 1993 passed the United States to become the world's biggest manufacturing economy.[5]

If these facts look startlingly at variance with those often cited in the Western press, there is a reason. Unbeknownst to the Western public, the press generally uses out-of-date exchange rates that value the yen at as little as half its recent market value. Thus it systematically understates Japan's recent economic performance. The justification for using such exchange rates is that the yen's internal purchasing power has not kept up with its external purchasing power. This is a highly debatable point. Even at today's exchange rates, some prices in Japan remain lower than in the United States (the Japanese spend less than Americans on health care, for instance). Overall, the Japanese clearly now enjoy one of the highest standards of living in the world. This is evident in their world-beating life expectancy rates, which have increased by nine years since 1964 and now surpass American rates by about three years.

In any case, the yen's internal purchasing power is largely irrelevant for anyone interested in Japan's—and in particular the MOF's—rapidly growing influence in the global economy. For that, the yen's external purchasing power, as measured by the current exchange rate, is unequivocally the appropriate yardstick. Driven by the rising yen, Japan's presence in, for instance, development assistance has enormously increased, so much that Japan now slightly outspends the United States, whereas

[3] *Kokusai Hikaku Tokei*, Tokyo: Bank of Japan, 1994.
[4] *Kokusai Hikaku Tokei*, 1994.
[5] Eamonn Fingleton, "Don't Let Up on Japan," *The New York Times*, April 9, 1994.

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a decade ago the United States outspent Japan two-to-one.

Perhaps the ultimate indicator is Japan's rapidly rising share of global savings. Japan in 1993 accounted for an astonishing 56 percent of the developed world's total net savings. By contrast, the U.S. share was just five percent. The implications of these figures are enormous. In foreign direct investment, for instance, Japan's outflows have increased fivefold in the last ten years (and remember that, by the early 1980s, Japan was already investing heavily abroad).

All in all, it is apparent that the MOF sits atop a growth machine that accounts for close to half of the world's industrial expansion each year. No organization in history has wielded more economic clout than the MOF does today.

THE REASONS TO WATCH

CLEARLY, THE MOF is an institution that should be watched at least as closely by the international press as the Federal Reserve and the Bundesbank. Its influence reverberates down from macroeconomic issues of global currency stability to pocketbook issues such as the interest rates that Americans must pay for credit cards and small loans. Its retirees run such globally important agencies as the Tokyo Stock Exchange, the Bank of Japan, the Fair Trade Commission, the National Finance Corporation, the Overseas Economic Cooperation Fund (which administers Japan's vast foreign aid budget), the Japan Development Bank, and the Export-Import Bank of Japan.

Under MOF leadership, the Japanese government has been consistently producing budget surpluses for many years. Indeed, Japan's tight budget policies are probably the ultimate proof that Japan is driven by a particularly resolute system of centralized power. The MOF deviates from fiscal rectitude only in years of poor consumer demand, when a fiscal stimulus is needed to support the lifetime employment system. The Japanese government has been an avid saver for most of the postwar era. According to figures compiled by the U.S. Congressional Budget Office, Japan's government savings rate averaged 4.8 percent in the 1970s and 4.6 percent in the 1980s. By contrast, the U.S. government savings rate fell from 0.4 percent in the 1970s to -2.1 percent in the 1980s.

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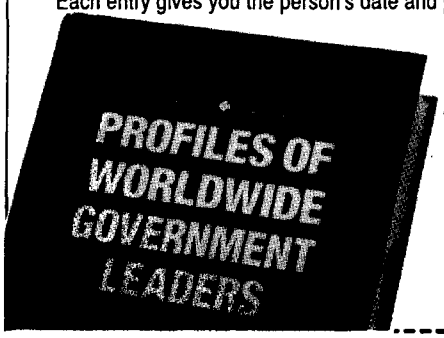

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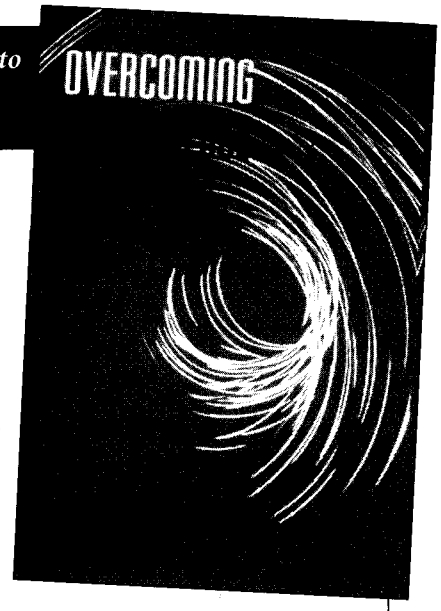

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The MOF's policy of maximizing government savings flies in the face of repeated efforts by Washington in the last decade to get Japan to increase government spending as a way of reducing America's trade deficit. It also runs counter to the wishes of Diet members. As *The Wall Street Journal* reported in April 1993, the MOF deliberately uses byzantine and archaic accounting methods to obscure the strength of the government's finances, thus bamboozling politicians into voting each year for the MOF's ultra-conservative budgets. MOF officials boast openly about their role in frustrating elected representatives' spending proposals. One MOF official told *The Wall Street Journal*, "In your country, you at least have politicians in Congress who are fiscal conservatives. But we don't have any. Every politician wants to spend and spend."

The MOF has become a skilled exponent of limited monopolies.

Perhaps the best way to get a sense of the power the MOF derives from its savings is to use absolute money numbers. Measured by Western accounting methods, the Japanese government's savings in 1991 alone totaled about $300 billion, more than two times the net savings of the entire American economy. The MOF, in effect, is the world's biggest saver. These savings help Japan maintain its historical disdain for foreign capital. The MOF's characteristically non-Western approach to industrial development was apparent from the start of Japan's economic drive in the nineteenth century. Whereas most other economically backward countries imported capital heavily, the MOF rigidly refused to borrow abroad. Two small loans were raised abroad in 1870 and 1873, but for the next 25 years the MOF maintained a virtual ban on foreign capital.

The MOF also led the Japanese establishment in eschewing direct investment in Japan by foreign capitalists. Thus the MOF violated one of the most cherished principles of Western economics, that unrestricted transfers of capital across borders serve to boost efficiency in recipient countries. The Japanese saw things differently, forming their opinion from practice, not theory. They were influenced in particular by the slow deaths of the Chinese and Ottoman empires in the latter decades of the nineteenth century. Both had thrown themselves open to foreign capital, which in the Japanese view had decapitated these

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once-proud empires and led to corruption and demoralization.

Although the MOF has no direct involvement in the broader aspects of industrial policy, there is little doubt that many of Japan's most important industrial initiatives—targeting markets, for instance—could not exist without the MOF's support. Just as a chief executive works through divisions and profit centers in the search for profitable new products, the MOF works to promote economic growth through cartels, banks, bureaucratic agencies, and *keiretsus*, the informally organized clusters of Japanese companies that intertwine their ownerships and cooperate regularly in each others' management decisions. Moreover, the MOF has been the mainspring of Japanese mercantilism since the 1870s, when it invented nontariff barriers. The MOF was, for example, the protagonist in a dispute with the United States over the size of Japan's current account surpluses. A few years ago, the MOF's international affairs vice minister, Makoto Utsumi, made a proposal that came to be known as the *kuroji yuyo ron*, "the theory that surpluses are useful." Utsumi argued that the American government needed Japan to run trade surpluses so that Japan could have the money to finance America's budget deficits.

Perhaps an even more telling insight into the MOF's mercantilist mindset is its decisive role in protecting the auto industry. Until 1973, it used its controls on foreign investment in Japan to block American and European automakers from establishing Japanese manufacturing operations. It used its taxing powers to levy duties on imported vehicles until 1978 and on imported auto parts until 1986. It even used its powers over the insurance industry to require Japanese motorists to pay three times as much to insure a foreign car as a domestic model. This discrimination was abolished only in 1988, years after Japanese automakers had passed their last remaining serious rivals, the Germans. The MOF's enthusiasm for mercantilism is reinforced by its private agenda. It has been the main beneficiary of mercantilism because Japan's thwarted purchasing power ends up in MOF-regulated savings institutions.

The MOF is also the mainspring of Japan's cartelization policy, thanks to its right to appoint top executives of Japan's Fair Trade Commission. MOF appointees at the commission, which administers Japan's antitrust laws, naturally turn a blind eye to most cartels.

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Employing these powers, the MOF has become a skilled exponent of limited monopoly. In its hands, a limited monopoly generally does double duty as a tool of power and a device to generate economic efficiency (via the "good" cartel, the ultimate limited monopoly). The MOF has even used limited monopolies to control the advance of foreign securities firms in Japan. Only a few foreign securities firms and financial organizations are allowed to participate in the Japanese financial services industry. With other applicants arbitrarily shut out, those on the inside enjoy monopolistic pricing opportunities. But because their right to participate is by grace, they must be careful to remain on the right side of the MOF.

Another key area in which the MOF's influence is widely felt is overseas aid. Disbursements of aid are often made on the understanding that the recipient country will make contributions to the reelection campaign funds of specified Japanese politicians. In the case of some recent Japanese financial aid to Indonesia, for instance, up to one-third of the money is said to have returned to Japan in the form of political contributions. According to the scholar Robert M. Orr, Jr., Japanese aid now accounts for 15 to 20 percent of the entire government budget of almost every East Asian country. Clearly, therefore, when the MOF speaks, East Asia listens.

RICH COUNTRY, STRONG BUREAUCRACY

JAPAN IS, of course, not the only country with a strong bureaucracy. It shares this characteristic with most of Europe's advanced societies, notably France, Germany, Switzerland, and Austria. A strong bureaucracy is also a feature of East Asia's most successful societies, including Taiwan, South Korea, Singapore, and Hong Kong. However, the Japanese civil service's power—especially that of the MOF—is in a league of its own. Japanese civil servants enjoy the priceless advantage of the moral high ground. As a Confucian society, Japan is avowedly paternalistic, and there is little sympathy for the essentially alien view that supreme power is rightfully the prerogative of elected representatives. Thus the bureaucrats do not have to apologize for overruling populist tendencies. As ever in Japan, politicians reign and bureaucrats rule.

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Russia's Wounded Military

Benjamin S. Lambeth

NOSTALGIA FOR CHECKPOINT CHARLIE

RUSSIA'S ARMED forces, only a few years ago the vaunted Soviet juggernaut, are now in shambles. The failure of Soviet communism and the collapse of the Soviet state have left the Russian high command with immense problems. Strategically, the forces that Russia inherited from the Soviet Union were poorly configured and deployed for the new security landscape. Internally, the economic disintegration of the Soviet Union has radically reduced military spending, leaving the armed forces impoverished with little prospect of near-term relief. Continued deterioration within the ranks has added further humiliation to the bitter memory of the U.S.S.R.'s loss of empire, raising hard questions about whether the resultant disaffection might lead to a military backlash that could end Russia's struggle toward democracy and market reform. Even before the escalation of its misadventure in Chechnya, signs of privation were rampant enough to warrant a characterization of Russia's army as a crumbling giant. This impression has since become widespread among Western observers who, over the past two months, have watched with dismay the ineptitude of Russia's brutal attempt to suppress the Chechen uprising.

The military nonetheless remains a responsible and stabilizing

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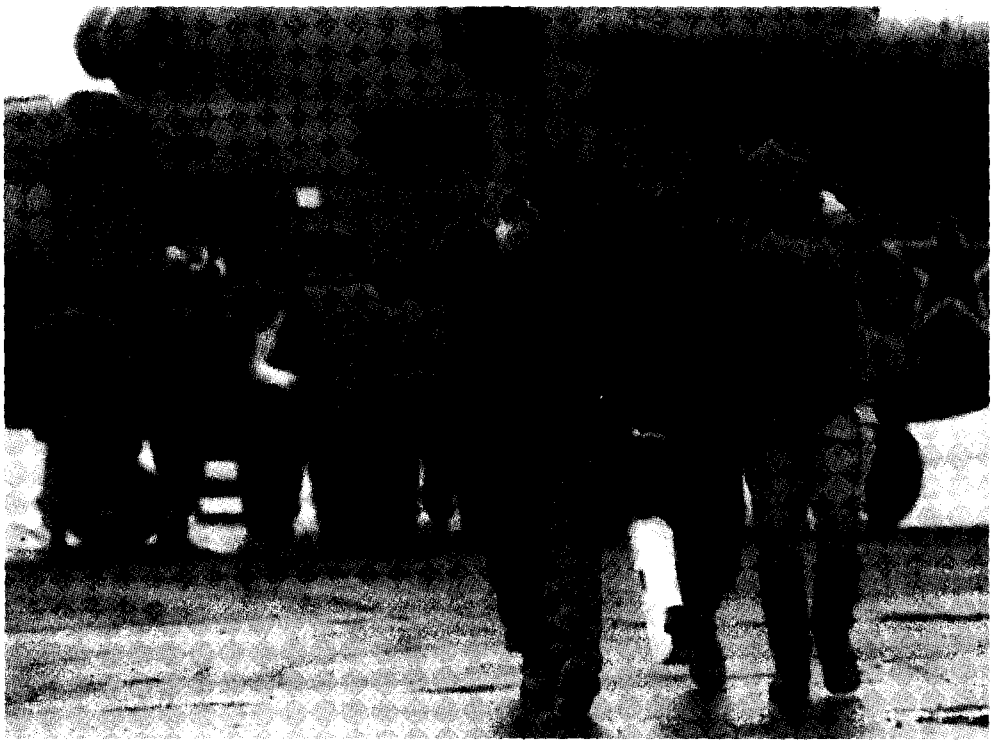

AP/WIDE WORLD PHOTOS

"Hungry, barefoot, and underfinanced": wounded soldiers returning from Grozny.

force in Russian society, despite these internal strains and the aggravating factor of Chechnya. It has struggled to stay above politics, with commendable success. It has refused to support power-seekers from within its ranks. In the 1991 and 1993 coup attempts and in Georgia and Latvia during the last two years of Soviet rule, the military bridled at being ordered to use violence against civilians. It is not even remotely enthusiastic about the sordid assignment in Chechnya it was handed by President Boris Yeltsin. Nevertheless, despite repeated past professions of "never again" after such onerous missions, it has been following its orders—so far.

The United States should show full appreciation and empathy for the Russian military's predicament whenever possible, while making clear what conduct we cannot accept. Despite disarray at all levels, the military remains a pivotal player, for better or worse, in the Russian reform process. Because of its arms monopoly, it also is the one institution that can make or break a cooperative security relationship with the West.

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BUSTED FLAT AND WAITING FOR THE TRAIN

THE COLLAPSE OF the Warsaw Pact, the end of the Cold War, and the disintegration of the U.S.S.R. were body blows for the Russian military. They prompted an instant loss of its familiar roles and missions and deprived it of a clear challenge to help guide the equipping and training of its forces. The changes also brought a loss of alliance, an end to superpower status except in nuclear weapons capability, and a new western border uncomfortably closer to Moscow. Because the U.S.S.R. had been strategically oriented toward the west, most of Russia's best military equipment was deployed beyond the western-most borders of the Russian Federation. Although its hardware in central Europe, the Baltic states, and Moldova was eventually returned, Moscow forfeited its prized assets in Ukraine and Belarus when the union fell apart. Little more than half the combat aircraft of the Soviet air force remained within the boundaries of post-Cold War Russia. Russia also lost four of every five Soviet repair facilities for armored fighting vehicles. As a result, only 20 percent of the tanks inherited by the Russian army remained serviceable by early 1994.

Such strategic degradation has been compounded by the military's internal problems. In grappling with Russia's economic crisis, the government has reduced spending for defense procurement dramatically. Its effects have been painfully felt in all quarters. A conspicuous embarrassment to the military in the summer of 1993 was the decision by the civilian airline, Aeroflot, to cease honoring military transportation requests because of the unpaid bills the Defense Ministry had piled up. Only half the bare-bones appropriation to the military in 1994 was ultimately released by the Finance Ministry. The draft budget for 1995 granted even less to defense, considering that inflation will have drained much of the appropriation's purchasing power by the time the funds are received. In testimony to the State Duma in late 1994, Russian Defense Minister Pavel Grachev declared flatly that no army in the world is in as wretched a state as Russia's. He warned that if only half the proposed 1995 defense allocation is released for expenditure, as was the case in 1994, "the army will simply collapse."

This funding crisis has also brought Russia's force development to

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a near halt. The air and air defense forces, for example, typically bought about 450 new fighter aircraft a year during the mid-1980s. By contrast, they acquired only 23 in 1993 and 1994 combined, not enough even to replace aircraft lost in routine accidents. The outlook for force modernization is no better. Russia's air force has a declared requirement for a new fighter to replace the MiG-29 and Su-27. It may even fly a hand-built prototype of such a fighter soon, as its industry executives have been promising since last summer. But with the scarcity of funds for the improvement of existing combat aircraft, wholesale development and production of a Russian counterpart to the U.S. Air Force's F-22 fighter, at least in the near term, is probably a pipe dream. Even the manufacture of helmets and flight suits has been cut off.

Russia's military has a lopsided proportion of officers, many of whom perform menial tasks.

Training has also been hit hard. Since 1992, the Finance Ministry has repeatedly failed to fund even the minimum fuel quotas for the armed services. As a result, Russia's fighter pilots are now logging on average no more than 25 flying hours a year, a dismal contrast to the training norms of Western powers, which range from 180 to 220 hours. As one might expect, pilot proficiency has declined and the accident rate has climbed. Deputy Defense Minister Boris Gromov recently said that some 20 aircraft accidents occurred in 1994, a disturbingly high figure for the low number of hours flown by the Russian air force. A lack of spare parts has further diminished Russia's military readiness and maintenance. The air force now routinely cannibalizes some aircraft to keep others flying, even though that violates long-standing safety rules.

Other Russian services have been similarly affected. There have been no ground force exercises at the divisional level or above since 1992. Not even the best army divisions are fully manned and equipped. The surface navy rarely puts to sea because of insufficient funds for fuel. The few exercises conducted and reviewed during the 1993 training year, complained Colonel General Mikhail Kolesnikov, the chief of the general staff, revealed poor command preparation, deficient knowledge of operational procedures, and an alarming buildup of unserviceable equipment.

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The failure of the conscription system, which once provided the lion's share of Soviet maintenance manpower, has aggravated equipment problems. More than 75 percent of eligible Russian youths now routinely evade the draft. Desertion is also rampant, with as many as 120 cases reported each week. Partly this stems from an abusive initiation practice called *dedovshchina*, or the bullying of new conscripts by second-year servicemen. In 1993, 169 Russian conscripts reportedly died in hazing incidents. The abnormally high suicide rate among draftees is also largely attributable to these abuses. In decades past, the military high command and government officials kept *dedovshchina* and its excesses relatively quiet. But with the collapse of Soviet censorship and tight bureaucratic control, it simply scares the best and brightest of Russia's eligible draftees away.

Because of the failed conscription system, a lopsided proportion of the Russian military is manned by officers, many of whom perform menial tasks—like standing guard and stoking furnaces—once assigned to raw conscripts. The proportion of noncommissioned manning in the air and air defense forces has dropped to 50 percent or below in many units; the Soviet high command had stipulated that units at 70 percent or below were incapable of military operations. At today's levels, the general staff is hard put even to assemble small peacekeeping forces for deployment to embattled spots, like Chechnya, along Russia's southern periphery. Russian air force analysts have reported that it now takes all of Russia's military airlift capability just to move one airborne division in two sorties. Today it is unlikely that Russia, with its decimated and poorly supported conventional forces, could mount a large-scale cross-border operation against a well-equipped opponent. Its logistics system has been stretched to the breaking point just to sustain some 40,000 troops bogged down in Chechnya.

PROUD PROFESSIONALS HOEING FOR PITTANCES

THESE DISRUPTIONS have made for an appalling quality of life within the military. The massive withdrawal of troops from Eastern Europe and the former Soviet republics over the past three years has left at least 155,000 officers and their families without adequate hous-

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ing. The Defense Ministry's chief controller has warned that this number could reach 400,000 by the end of this year. None of this has been helped by the Chechnya operation, which by some accounts has diverted as much as $4 billion in defense funds away from more needy accounts like housing, social services for officers and their families, and routine operations and maintenance.

Officers at all levels are paid pittances by civilian standards, a problem exacerbated by the skyrocketing inflation since Yeltsin's removal of price controls in January 1992. Some cadets at the air force's flight schools use parachutes as blankets during wintertime. Moscow bus drivers now earn more than trained fighter pilots. Russia's economy has deteriorated to the point where officers have to work off-duty as farmhands to make ends meet. Even at the Kubinka military base on the southwestern outskirts of Moscow, which has traditionally been a prestigious showcase for the air force, pilots spend their spring and summer weekends weeding and hoeing. Russian soldiers in and around Chechnya lack adequate clothing, rations, and shelter. It is scarcely surprising that Grachev has characterized his military as "hungry, barefoot, and underfinanced."

All of this goes far toward explaining the poor performance of Russia's troops in Chechnya. These are not the sons of the Soviet leviathan that confronted NATO across the Fulda gap in Germany for two generations. NATO's military posture was configured on the reasonable assumption that if war came, Western forces would have to fight badly outnumbered and from a defensive and reactive posture against a massive, combined-arms military machine that retained full control over the nuclear weapons option and was prepared, as a matter of doctrinal principle, to trade high casualty rates for victory. The clash in Chechnya revealed a military of a sadly different sort: a ragtag band of hastily assembled conscripts who were not resourceful enough to evade the draft, led by underequipped, undertrained, and demoralized officers who freely admitted that they did not understand why they were there.

These misfortunes have yielded bleak political and career outlooks within the ranks. As many as half of the army's conscripts may have voted for the arch-nationalist Vladimir Zhirinovsky in the watershed 1993 parliamentary election, according to political observers in Moscow.

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As for the officer corps, a recent poll of students attending the air force's Gagarin and Zhukovsky academies for mid-career officers found 80 percent of the respondents pessimistic about the future and 87 percent concerned about the decline in the prestige of military service. A majority of respondents were ambivalent about further military service, and 40 percent wanted to get out. Only three percent indicated a strong desire to remain in the service.

The ongoing exodus of experienced and talented officers is both a cause and an effect of these gloomy sentiments. With poor career prospects for most, junior and mid-ranking officers are leaving by the thousands to pursue more promising opportunities in the civilian sector. Recruitment of new candidates has hit rock bottom. This outflow of seasoned personnel from the military's core has raised increasingly pressing questions about where and how the high command will find and nurture its successor generation.

As military prestige falls and pessimism climbs, experienced officers have begun an exodus.

Among those staying the course, attitudes have begun to harden, according to an extensive survey of senior Russian officers recently commissioned by the Friedrich Ebert Foundation, which used a Munich-based polling group in cooperation with sociologists at a Russian military academy. The sample comprised 615 officers above the rank of major, including 60 generals and admirals. The survey portrays an officer corps disenchanted with its place in Russian society and Russia's place in the world. While those polled did not endorse the extreme views of Zhirinovsky, whose approval and disapproval ratings were 10 percent and 60 percent respectively, they showed a pronounced preference for a national leadership with a firm hand and tended to believe that little short of authoritarian rule could bring an end to the chaos in Russia. Few evinced much belief in the promise of economic reform or cooperation with NATO. A majority believed that the nation's main foreign policy goal should be to reestablish Russia as an internationally respected great power.

An erosion of order within the ranks has led to a rampant increase in corruption, with many vices inherited from the Soviet era now

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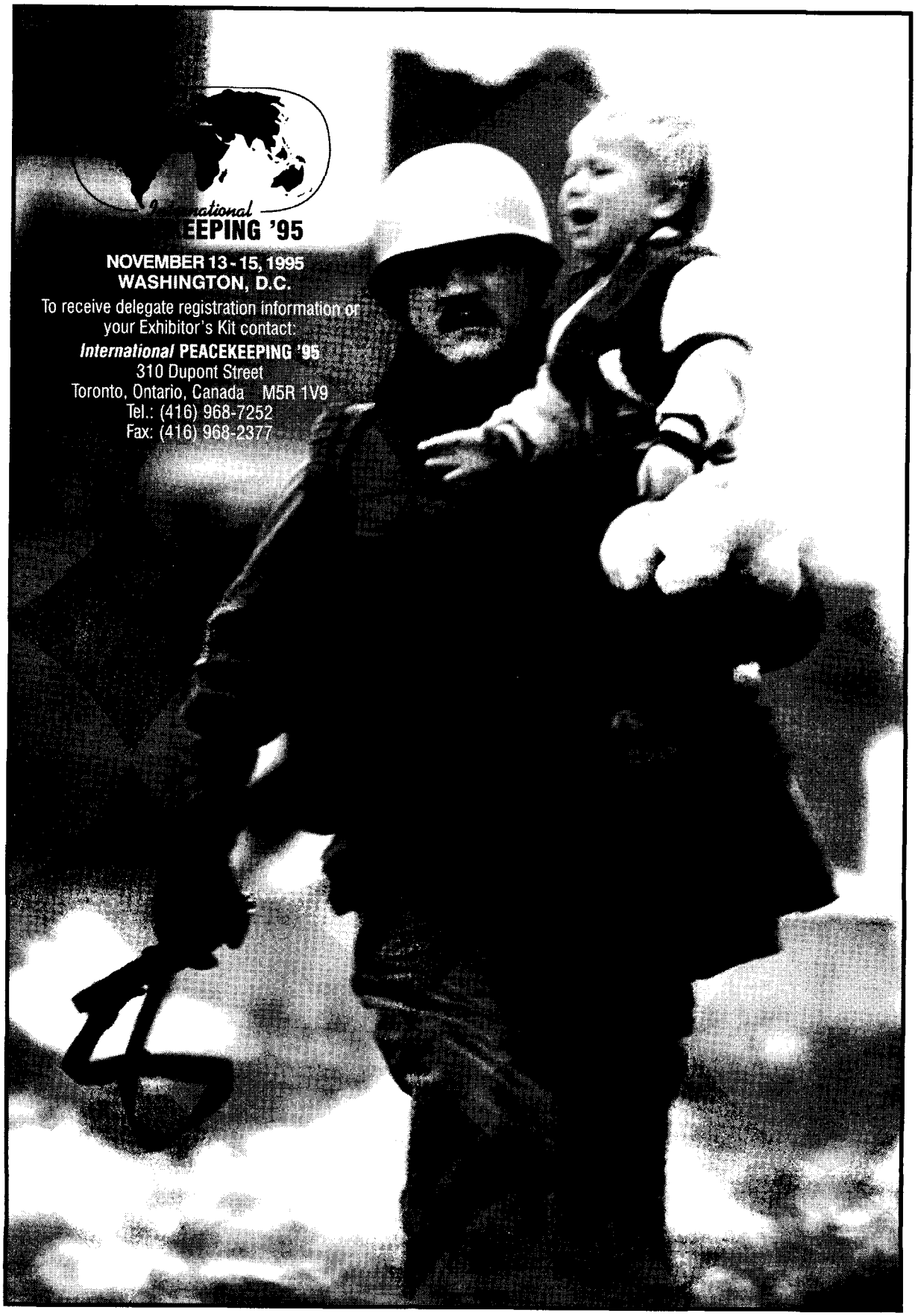

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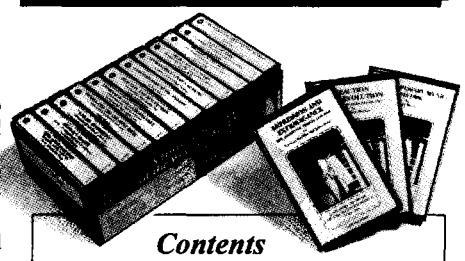

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overlaid with new ones. Officers with easy access to military property have been selling all types of it for personal gain. By some accounts, Russian generals have pocketed as much as $65 million due the Defense Ministry over the past two years from officially authorized military property sales held to help pay for military housing.

Grachev has objected strenuously to allegations that he and his most senior deputies have profited from military property sales or other shady schemes. He went so far as to file a defamation suit against *Moskovsky Komsomolets*, one of the newspapers aggressively pursuing evidence to substantiate the charges. The murder (by an exploding briefcase) of an investigative journalist for *Moskovsky Komsomolets* is widely viewed in Moscow as a preemptive strike to limit or silence damning revelations against the military. The charges prompted parliamentary hearings on military corruption. Even before Chechnya made matters worse, they also fueled speculation that Grachev could eventually be forced to step aside. The head of the State Duma's Defense Committee, Sergei Yushenkov, publicly demanded Grachev's resignation to protect "the honor and dignity of the armed forces."

All this has left Grachev embattled and vilified, on the right by chauvinists who blame him for presiding over the army's destruction, and on the left by reformist democrats who fault him for tolerating corruption and the crawling pace of military reform. Many of his contemporaries, to say nothing of the more senior generals over whom he was advanced, view him as a man of scant qualifications for the responsibilities of his job and one who rose on Yeltsin's coattails and has retained his post solely because of loyalty to the president. Grachev may yet be offered up by Yeltsin as the scapegoat for the military's embarrassing ineptitude against the Chechen irregulars.

NOT SPOILING FOR A FIGHT

SINCE THE FIRST days of the U.S.S.R.'s collapse, Russia's military leaders have been unwavering in their insistence that their sole mission is to defend against external aggression, not to influence political maneuvering or police domestic unrest. This bears witness to their

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underlying and persistent professionalism, a quality that will be crucial to the growth of a stable democracy in Russia. The latest sign of its endurance has been the vocal reluctance of senior Russian officers and commanders to fire on unarmed civilians in Chechnya.

At bottom, Russia's defense leaders want to be accepted into the world community as a normal power, albeit one commanding the full respect due any country of Russia's geostrategic weight and nuclear strength. Toward that end, they have engaged in a massive force drawdown and other moves intended to tailor Russian military capabilities to legitimate security needs. They have eliminated the despised Main Political Administration, a network of Communist Party political officers that pervaded the Soviet armed forces. Free expression is now encouraged throughout the officer corps. Defense leaders have repudiated the oppressive, top-down culture of administrative control that long stifled innovation and initiative under the Soviet system.

In world affairs, the Russian military has acceded to the collapse of the Warsaw Pact as well as the reunification of Germany and its incorporation into NATO. It also has recently completed one of the most extensive and least appreciated force withdrawals in modern times, namely its voluntary and, in the view of many officers, humiliating return home from three generations of forward deployment in Eastern Europe and the Baltic states.

Similarly, the high command has downplayed its confrontation with Ukraine over the Crimea, the Black Sea fleet, strategic bombers appropriated by Ukraine, and other issues. It agreed to join the United States and Great Britain in detargeting its ballistic missiles—a largely symbolic but important first step toward ending an awkward situation in which the United States and Russia are no longer declared adversaries yet still confront one another with nuclear weapons.

With respect to Bosnia, the Russian high command has not sought to go head-to-head with the United States and NATO. Nor has it viewed Western military involvement in the Yugoslav tragedy as a threat to Russian security. Rather, it has mainly sought respect for Russia as a power with legitimate interests in the region. In short, Russian military leaders are not eager to throw their weight around,

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even in their own troubled back yard. They have fresh memories of Afghanistan and do not want to be drawn into bloody wars of attrition against militant ethnic groups or religious fundamentalists. Seen in this light, even the military's opposition to an expansion of NATO eastward that excludes Russia is not a return to Soviet assertiveness. Rather, it is a defense-minded concern about having that much closer to its borders a military alliance of which it is not a member.

Russia's posture toward its "near abroad" involves more complex considerations. It has economic and security reasons for playing a stabilizing role in the disparate, fractious countries along its lengthy southern border. Together with partial economic reintegration, Russia is seeking some sort of military reintegration with selected former Soviet republics, particularly with respect to the air defense that fell apart with the breakup of the U.S.S.R. Russia's challenge will be to avoid forcing political integration or otherwise treading on the sovereignty of the newly independent states. The high command genuinely seems to want Washington to perceive its "near abroad" peacekeeping activities as legitimate actions for the defense of Russian security and not as a pretext for rebuilding an empire.

This holds, moreover, despite Russia's troubling intervention in Chechnya, which, for all its overkill in concept and ineptitude in execution, was not a manifestation of imperial inclinations but rather a costly and bumbling effort to head off a dangerous precedent that could eventually trigger a disintegration of the Russian Federation.

KEEPING A BALANCE WITH THE BEAR

DESPITE CHECHNYA AND calls for Washington to do something about what could become a grave threat to the prospects for Russian democratic reform, the United States should continue pursuing a cooperative relationship with the Russian armed forces. With patience from the United States, Russia's military has every chance of finding the perseverance and calm to get by the Chechnya debacle and to endure the decade or so that, according to Grachev, will be required for the full reconstitution of the Russian armed forces and state.

Why does the military connection between the United States and

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Russia warrant special attention? A strong and composed Russian military is far more likely to be a constructive player in its country's difficult reform process than a frustrated, demoralized, and angry one. Moreover, a healthy military will be more inclined to focus on its legitimate regional security concerns than to mimic the familiar Soviet pattern of engaging in far-flung adventures.

Fortunately, without fanfare, much has been accomplished in the military dialogue. The most pioneering advances have been between the air forces of the United States and Russia. Military leaders have designated sister bases in both countries, and American and Russian fighter and bomber units have made several exchange visits, with more to come. The air forces participated in two joint Arctic search-and-rescue training exercises in 1993 that received high marks from both sides. Numerous flight exchanges between Russian and American military pilots have taken place during which both sides gained firsthand exposure to the other's equipment and training. The Russian air force commander even flew a USAF B-1 bomber in the aircraft commander's seat during a visit to the United States in 1992.

Better to have a strong and composed Russian military than an angry, demoralized one.

The other armed services of the two countries have been involved in similar exchanges. In March 1994, a Russian frigate joined the air and naval forces of the United States, Britain, and Norway in a NATO exercise to simulate a U.N.-sponsored naval blockade and search-and-rescue operation. In June, Russian and American sailors and marines, some 1,500 altogether, participated in a mock amphibious operation with Americans and Russians coming ashore northeast of Vladivostok to help victims of a hypothetical natural disaster. Another joint exercise, initially delayed because of political opposition in Russia, was held in September at Totskoye, in a region close to the Russian heartland. The exercise was hailed by Grachev as a "vivid example" of the emerging military relationship between the Cold War era rivals. Afterwards, Grachev announced plans for a follow-on exercise that will bring 500 Russian servicemen to the United States in 1995. These and other contacts testify to a prag-

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matic link between the uniformed services of the two countries that has remained largely unbuffeted by political ups and downs.

THE SHADOW OF CHECHNYA

MILITARY-TO-MILITARY ties recently have become more strained. Even before the Chechnya debacle reached full boil this past December, the enthusiasm of many Russian military leaders for joint activities with the United States had begun to falter. Partly this stems from the Russian military's embarrassment at lacking the funds to keep up its end of the military-to-military dialogue. Partly it stems from renewal of old suspicions, ones derived from a consuming preoccupation with its internal crises, now aggravated profoundly by Chechnya. Many officers increasingly resent what they perceive to be a hidden American agenda to relegate Russia to permanent second-class status while the United States secures its place as the sole surviving superpower. As long as these suspicions persist, no Russian military leaders will be inclined to stick their necks out, least of all by going far beyond polite listening on the issue of more normalized dealings with the Pentagon.

Turbulence in the upper reaches of the high command has made it easier for Russia's security services to revert to deplorable habits. For example, the head of Russian military intelligence, Colonel General Fyodor Ladygin, has never been an enthusiast for closer ties between the United States and Russia, let alone between military establishments. After the joint peacekeeping exercise in Totskoye last September, he grumbled darkly that a third of the 250 American troops involved were in the pay of U.S. intelligence and that the 27 U.S. aircraft flown to Russia for the exercise had been packed with electronic equipment for covert surveillance. Those transparent fabrications cast a wet blanket on the mutual goodwill and education that had been generated and sustained throughout the exercise.

Under today's conditions, the initial post-Cold War calls for a "strategic partnership" appear at best premature. But circumstances do not justify or require shifting to the opposite extreme. It behooves the United States to continue pressing for an honest and open rela-

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tionship with the Russian military. If the United States expects Russia's defense officials to be on the right side when the time comes to enlist their support in containing grave threats to regional peace and security—such as the prospect of cataclysmic nuclear misbehavior by North Korea or another undeterrable Third World pariah state—we must make unambiguous efforts to build such a relationship.

There is a particular need for both militaries to advance beyond perfunctory goodwill exchanges for education or other intangible goals (which some Russian generals now dismiss as "military tourism") toward interactions that can address real problems and concerns facing the two institutions. It will take time to overcome residual feelings of distrust on both sides. Grachev acknowledged this in a speech to American and Russian officers after the Totskoye exercise when he remarked that "there will continue to be people who view the other side not as the enemy but as an unfriendly power. This is natural. What was molded in steel in the consciousness of the nation cannot be overcome overnight."

The U.S. government can acknowledge frankly that Russia is preeminent among the former Soviet republics and Warsaw Pact states without in any way being guilty of a crassly preferential "Russia first" policy. Russia has a long-term military and strategic potential that no other country in the world besides the United States comes close to matching. America's relationship with Russia is pivotal for future international security. Our relations with other remnants of the former Soviet empire will never be pivotal, only important to varying degrees.

In working with the Russian military, the United States needs to keep its expectations from swinging from excessive hope to what strategist Herman Kahn once called preemptive surrender. At best, if the United States gives up now, it will mean a major post–Cold War opportunity lost. At worst, it will mean a self-fulfilling prophecy that might make one yearn for the simpler days of the Cold War. As stressful as the Soviet-American competition was to American attention, energy, and resources, it was at least relatively stable and predictable. That would not be the case with a fragmented and xenophobic Russia with some 27,000 nuclear weapons and an attitude.

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Canada's Continuing Identity Crisis

Conrad Black

THE PROBLEM THAT WON'T GO AWAY

FOREIGN OBSERVERS are often incredulous that Canada, with its long history of domestic tranquillity, heroism in war, and solidarity in the Western alliance, is again threatened by the secession of Quebec after 128 years of confederation. Astonishingly, a land that is almost as immaculate as Scandinavia and is almost the only serious country in the world whose general level of prosperity approaches that of the United States now faces the possibility of constitutional dissolution.

Canada's well-being is obvious. Almost none of its 28 million people live in what would qualify in the United States as a slum dwelling. The population is homogeneous: almost 90 percent of European origin. Polls consistently indicate that about 90 percent of both English- and French-speaking Canadians believe they live in the world's most pleasantly habitable country, and the United Nations has recognized Canada's quality of life as the highest of any country in the world for the last two years.

Yet in the autumn of 1994, Quebec, which is over 80 percent French-speaking and has about a quarter of the country's total popu-

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CONRAD BLACK is Chairman of Hollinger Inc., which is responsible for publishing numerous newspapers including London's *The Daily Telegraph,* the *Chicago Sun-Times,* the *Jerusalem Post,* the Fairfax newspapers in Australia, and the Southam newspapers in Canada. He is the author of two books.

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lation, narrowly elected a government pledged to achieve Quebec's independence through a subsequent referendum. The present federal leader of the opposition, the federalist turncoat Lucien Bouchard, heads a bloc of Quebec separatists in the parliament of the very country he wishes to sunder. Quebec's new premier, Jacques Parizeau, served in the only previous avowedly separatist government of Quebec, which held office from 1976 to 1985 and was defeated 60 percent to 40 percent by the voters of Quebec in a 1980 referendum to authorize negotiating Quebec's independence.

The issue of Quebec's continued participation in Canada has been bandied about in influential Quebec circles since the British conquest of that province in the Seven Years' War, and Quebec's independence has been an explicit political option endorsed by one or another of the province's political parties for more than 30 years. Parizeau himself, a jovial and florid 64-year-old former *haut fonctionnaire* and university professor, seems less the torch-bearing awakener of a new nation than the ultimate Molièresque bourgeois. He scrupulously avoids the word "independence," and has pledged instead to have the provincial parliament (which has called itself the National Assembly of Quebec for 25 years) declare Quebec a sovereign state and to ask the voters' approval of this step by this summer. Parizeau's extremely fuzzy definition of sovereignty includes retention of Canadian passports and money, as well as membership in the North American Free Trade Agreement, the World Trade Organization, and even the British Commonwealth. The federal government's participation in this constitutional minuet is so far confined to the humbug that it has no legitimate authority to negotiate the secession of a province.

Parizeau and his separatist predecessors have generally tried to sell a version of sovereignty that essentially combines all the advantages of Canadian confederation with the exaltation of soul sought in independent statehood. Though he is studiously vague on the point, he would presumably seek to issue Quebec passports and currency after a decent interval of adjustment. Polls at the end of 1994 continued to show a modest majority against sovereignty, but it remains to be seen whether the attempt to sugarcoat such a drastic step in gradualism and ambiguity will sedate or alarm the province.

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WHO IS A CANADIAN?

HISTORICALLY, CANADA was a collection of people who were not Americans: French-Canadians abandoned by France in 1763 after the British military victory; British Empire Loyalists who fled the American Revolution; immigrants and fugitives from Europe and recently other places, including the United States; immigrants who could not gain entry to the United States; Newfoundlanders who narrowly elected to become a Canadian province in 1949 after going bankrupt as an autonomous dominion. Though Canada has been very successful by most criteria, it has not thus far succeeded as a politically coherent entity whose institutional permanence or even durability could be assumed. Until the last 20 years or so, there persisted a self-conscious aura of the secondary and the derivative and a spirit of envy and insecurity, especially vis-à-vis the United States.

For most of its history, the rationale for the country was provided by the British connection and the French fact—Francophones made up a third, though more recently only about a quarter, of the population—as well as by a diffuse but not normally antagonistic fear of the United States. As the British connection slackened under the weight of years, immigration from central and southern Europe, and the pervasive American influence, the French population flirted ever more explicitly with outright independence as the Holy Grail waiting at the end of nearly 400 years of their history.

Over the last 20 years or so, the federal government, through grants to many cultural institutions, strong influence on public broadcasting and the National Film Board, and a strenuous emphasis on national symbols and festivals, has successfully promoted a more self-confident view of Canada, at least among the English-speaking population. Great folkloric stress has been placed on the physical grandeur of the country, on the million lakes, rivers, and streams of Canada that provide 30 percent of the world's fresh water. What was once less solemnly described as "the cry of the loon and the dip of the paddle" has assumed considerable mythic proportions. Parallel to the awakening of Quebec, the rest of Canada has undoubtedly become less self-conscious about its status as an entity distinct, if not always

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easily distinguishable, from the United States. This effort has not been notably successful in rallying Quebec to a pan-Canadian view, but it has elevated English-speaking Canada's view of itself.

Like medieval theologians in arcane dogmatic debate, Canadians have constantly redefined the national mission. The basic chore is to distinguish the country from the United States, which gently asserts a benign but "overwhelming contiguity," as Canada's longest-serving prime minister, William Lyon Mackenzie King, once described it to Charles de Gaulle. The identity problem is accentuated by the ease with which Canadians can integrate into the United States. Canada is surpassed only by the British Isles, Germany, Italy, and Mexico as a source of immigrants to the United States. Among the 4.4 million Canadians who have made this easy trek are Zbigniew Brzezinski, Alexander Graham Bell, Saul Bellow, John Kenneth Galbraith, Peter Jennings, Dean Acheson's father, and many screen personalities—including one of America's principal images of Abraham Lincoln, Raymond Massey, and "America's sweetheart," Mary Pickford. Apart from a habitual difference in pronunciation of a handful of words, English-speaking Canadians are almost impossible to distinguish from people of the neighboring American states.

A KINDER, GENTLER NATION

ANY DEFINITION of Canada's purposes as an independent country must be based on advantages that could not be found in a union with the United States. In these circumstances, Canada's political, academic, journalistic, and bureaucratic elites—who tend to be rather pallid and unoriginal beside their American counterparts—spontaneously devised the new national mission of being "more caring and compassionate" than the Americans.

This endeavor to promote Canada as a more generous and peaceable country began innocuously enough, with universal medical care, rigorous gun control, and a larger public sector share of GNP than the United States. But the notion of government as friend was central to the British colonization of central and western Canada. In the statute establishing Canada's autonomy in 1867, "peace, order, and

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good government" are the stated objectives that roughly correspond to "life, liberty, and the pursuit of happiness" in Jefferson's Declaration of Independence.

British and succeeding Canadian authorities had generally less difficulty with North American Indians than the United States did, and Canada's less complex sociology and strict gun control rules, on the British model, have undoubtedly made Canada a more peaceable country than its neighbor. (Sociology has surely had more to do with it than the Canadian gun control laws, which almost amount to a constitutional prohibition against bearing arms.) American per capita murder rates are four times Canada's, and the United States has nearly three times as many imprisoned people per capita as Canada. Successive generations of Canadians have been fascinated but horrified by the U.S. Civil War, Southern lynchings, gangland struggles, race riots, and more recent variants of U.S. urban violence, none of which has had easily discernible Canadian counterparts.

With this comparative gentleness, Canada's unsuccessful receive a good deal more from the state, and the most accomplished are less appreciated and more highly taxed than in the United States. Not coincidentally, significant numbers of successful Canadians steadily move to the United States, with little flow of people in reverse. The gap is made up, to some degree, by immigration to Canada from abroad.

Canada has adopted a notion of public policy more like the protective model found in climatically and ethnically similar Scandinavian countries, rather than the individualism of the more temperate and diverse United States. The Canadian social safety net has become a hammock relative to the American one (except for the elderly; America's Social Security system is more generous than its Canadian counterpart). Canadian tax levels have gone as far above American levels as they can without causing a human wave of economic refugees to cross the famously unguarded U.S. frontier. Prior to recent reductions in tobacco and sales taxes and the most recent decline in the relative value of the Canadian dollar, there were tremendous binges of cross-border shopping and smuggling by Canadians.

A conservative definition of Canadian public sector debt (excluding unfunded pension liabilities and the debt of state-owned compa-

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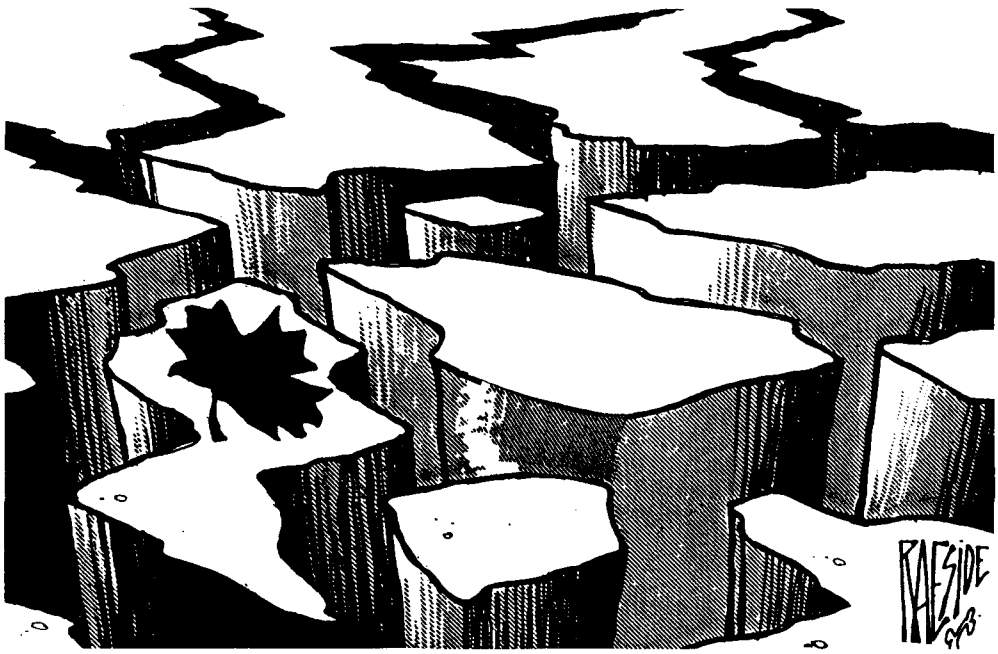

RAESIDE, CARTOONISTS AND WRITERS SYNDICATE

nies) yields a total about equal to the GNP, which is around $700 billion in Canadian dollars. The federal government elected in 1993, unable to dodge altogether the implications of elementary arithmetic, has made purposeful noises about reducing the federal deficit from its recent 13 percent rate of compound growth to about three percent, so that the ratio between public sector debt and GNP would cease to deteriorate. The seriousness of its commitment to this goal is still unclear, and currently rising interest rates aggravate the problem. Most of the ten provinces, including Quebec, also have chronic debt problems and lack influence over monetary policy.

With public-sector wage settlements showing the way, the wage component of primary and secondary industries' production costs have steadily increased for more than 30 years compared to those in the United States and other developed nations. Despite declining relative productivity, "competitiveness" has been maintained by devaluing the Canadian dollar by about 30 percent in the same period relative to the U.S. dollar, and by over five percent in 1994 alone. Wage settlements have belatedly responded to recessionary conditions. The latest economic growth and productivity figures are favorable, but a

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slow erosion of the relative value of the Canadian dollar has remained the principal contributor to the current trade surplus.

Ontario, which provides half of Canada's GNP, added to the country's problems in 1990 by electing a camp socialist provincial government led by Bob Rae of the New Democratic Party. This regime has raised taxes, institutionalized political correctness, and delivered the commanding heights of the economy over to the Luddites of local organized labor, who still have the effrontery to profess that the provincial government's concessions have been insufficient. All indications are that the electors will liberate Ontario's incumbent legislators to spend more time with their families after the provincial election later this year. The NDP government has made a deathbed effort to conform to economic realities as perceived by most others, including the principal bond rating agencies. (It has added an average of $33 million per day for over four years to the province's debt.) In the provincial public sector, salary caps have been imposed in exchange for job security, and encouraging noises have finally been made to the long-suffering private sector. This remedial course correction came, however, after Ontario had already become the unwitting author of one of the United States' greatest job creation programs since the New Deal. Approximately half a million Ontario jobs were lost from 1991 to 1993. Many were lost due to the recession, and about a third have now been recovered, but a large number permanently decamped to more employer-friendly jurisdictions in the United States.

THE KINDNESS OF NEIGHBORS

THE THEORY of Canada's superior generosity as a society, which in practice means more socialism and less violence, conveniently encompasses the system of interregional transfers designed to keep Quebec in the country as Canada wrestles with its identity crisis. Since 1982, Canada has had the dubious distinction of being the only country in the history of the world to establish regional economic equality as a constitutional *raison d'être.* In order to give the Danegeld paid to Quebec as equalization payments some intellectual uniformity while emphasizing the tangible virtues of federalism, a formula for trans-

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ferring money from "have" to "have-not" provinces was established in the 1950s. In 1982, this quest for regional economic equality was elevated to a constitutionally entrenched national objective, although there is no successful precedent for transferring resources to people rather than the other way around. (The only way for Newfoundlanders to achieve a living standard comparable to Alberta's is for large numbers of them to move to Alberta.)

Canada has massaged an inordinate proportion of national resources from the most to the less wealthy regions, especially to Quebec, which has happily accepted tens of billions of dollars of "equalization payments" and other preferments and now threatens to secede without being altogether convincing about shouldering its per capita share of the national debt. Western Canada, which has long felt underrepresented in a federal government it considers obsessed with placating Quebec, has become almost as disenchanted with that government as Quebec. In the 1993 federal election, the region voted almost as regionally as Quebec did, electing mainly M.P.s from the western-based Reform Party. This new movement wants to revisit many of the bilingual and redistributive assumptions of modern Canadian federalism. The whole process of taking money from those regions and individuals who have earned it and redistributing it to those who have not has saddled a fundamentally rich country with a backbreaking debt.

Quebec's most successful political leader, Maurice Duplessis—who governed Quebec almost without interruption from 1936 until his death in 1959 by persuading conservatives and nationalists to vote together for him—used to say that Quebec nationalists were like a "ten-pound fish on a five-pound line. They have to be reeled in and let out with great care." His successors have generally lacked Duplessis' dexterity. English Canada has responded to Quebec's relentless jurisdictional demands with unflagging goodwill. Canada possesses a considerable natural talent for endless good faith negotiations producing occasional minor agreements. (Canada's interregional discussions may have contributed to its flair for international peacekeeping; it has provided about ten percent of the United Nations' peacekeepers.) A well-known Canadian historian described the country as

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"strong only in moderation and governable only by compromise."

In the 1950s, the regional economic equalization program was promulgated by the federal government of Louis St. Laurent. In the 1960s, full concurrence of Quebec in direct taxation was conceded by Lester Pearson's government. In the 1970s, Pierre Trudeau promoted official bilingualism throughout the country in packaging, broadcasting, access of individuals to the federal government, and organization of the federal civil service. In the 1980s and early 1990s, Brian Mulroney's government unsuccessfully attempted a constitutional devolution that would have enhanced the authority of all the provinces. Except for Switzerland, Canada was already the most decentralized advanced country in the world. The provinces controlled property, civil rights, education, almost all welfare programs except unemployment insurance, most natural resources, and much of taxes. Under Mulroney's plans, they would also effectively have taken over the nomination of Supreme Court justices, directors of the central bank, and members of a strengthened upper house of Parliament, and at least concurrent jurisdiction in matters of immigration and radio and television licensing.

Despite the fact that the last of Mulroney's constitutional schemes was supported by all three federal political parties and all ten provincial governments—who tried prodigiously to mobilize support for it in a national referendum in October 1992—54 percent of Canadians voted against it. There was an apparent majority of both English- and French-speaking voters against the so-called Charlottetown accord, though for different reasons. English Canada effectively said to Quebec that it would not countenance any further jurisdictional dismemberment of the federal state. Quebec apparently rejected the Charlottetown accord out of pique at the failure of Mulroney's first attempt at constitutional reform, the Meech Lake accord, which several other provinces failed to ratify. Their distaste for Meech stemmed from Quebec's earlier use of the provincial right to overturn Supreme Court rulings in matters of civil rights, which let Quebec ban bilingual commercial signs and legislate that commercial signs could only be in French. For a country that is 75 percent English-speaking, deluges billions of dollars of federal largesse annually on its French-speaking

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compatriots, and has a long and admirable commitment to freedom of expression, this was an unacceptable provocation. The constitutional dialogue broke down in 1992 and has not resumed.

Quebec was clearly not rejected or treated disrespectfully in the referendum on the Charlottetown accord. The English-speaking federalist majority of Canada, however, was unwilling to further strip its government to appease the sovereigntist appetite of Quebec—abetted, as is the Canadian pattern, by the premiers of the other provinces. If constitutional powers are being dispensed, they all happily queue up behind Quebec.

The new separatist government of Quebec has absolutely no mandate to secede.

On the heels of this remarkable repudiation of the political class, Canadians eliminated two of the country's three historic national political parties in the general election of 1993. The governing Progressive Conservative Party emerged with just two M.P.s. The social democratic NDP was whittled down to six percent of the vote from their normal position of around 20 percent—partly in response to the inanities of their colleagues in the government of Ontario. Not since the collapse of the British and American Whigs in the mid-nineteenth century has an advanced country with a history of strong and continuous party affiliations eliminated an established political party. For so placid an electorate as Canada's to banish two-thirds of its parties to the dustbin of history was a seismic change. Unlike the United States and some other countries, Canada has no history of referendary revolts, taxpayers' strikes, or midterm electoral recall of high public officials. The Western world's most successful party of government, the Liberal Party of Canada, which has been in power for nearly 70 of the last 100 years, won a strong mandate in 1993, with the opposition split between the Quebec separatists of Bouchard's Bloc Québécois, running implausibly in a federal election, and the western conservatives of the Reform Party. The Progressive Conservatives had been a coalition of regionally discontented elements, but Mulroney's well-intentioned gambles on constitutional reform provoked the desertion of the west on allegedly excessive concessions to Quebec. In turn, the Tories' inability to

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secure western approval of those concessions alienated Quebec.

In the gentlest, most quintessentially Canadian way, English Canadians have invited Quebec to adhere to Canada or go from it, but to stop implicitly threatening secession in the absence of further concessions. It is neither an ultimatum nor a rejection, but a fatigued statement in a spirit many Quebeckers share. After Meech and Charlottetown, what Duplessis described nearly 50 years ago as the federal-provincial *"circonférences"* cannot continue. Canada has now reached the point where neither of its two distinctive missions—socialistic welfare statism and coddling Quebec—is tenable. Tax levels are excessive, debt levels are unsustainable, the brain drain to the United States has not abated, and Quebec has again elected an avowedly separatist government—albeit with a paper-thin plurality and absolutely no mandate to secede.

ONCE MORE INTO THE MEECH

CANADIANS AND, for once, the world are curious to know whether the country will make itself whole, sunder, or muddle through as it has so often before. Before, when Quebec nationalists contested with the sober bourgeois spirit of Quebec's Breton- and Norman-descended people for the province's destiny, prudence has prevailed. Few Quebeckers have any real interest in Canada other than as a matter of economic convenience. Quebec demonstrated during the 1988 debate over free trade with the United States that it considers English Canada's attempts to distinguish itself from the Americans to be completely spurious. This judgment may be a little harsh, but such distinctions are at least as subtle as those that separate Texans from Oregonians or Californians from New Englanders.

While Quebec was pushing on an open door and accepting preemptive concessions from English Canada—whose elites, at least, attached considerable credence to Quebec's well-rehearsed grievances about having been treated as the second-class descendants of a conquered people—secession seemed logical enough. Yet the federal government has been led by Quebeckers for all but 11 of the past 47 years—under Prime Ministers St. Laurent (1948-57), Trudeau (1968-

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79 and 1980-84), Mulroney (1984-93), and Jean Chretien since 1993. English Canadians have lately made a huge effort to accommodate and promote the French language, filling French-immersion schools across western Canada. Despite pervasive efforts by Quebec's nationalist demagogues to unearth Francophobic incidents in English Canada, such as one school where French- and English-speaking children were supposedly but improbably assigned different lavatories, there is minimal French-English social friction. Such discrimination as exists is now more often practiced by Québécois on the English-speaking minority in that province, as in the notorious banning of bilingual commercial signs—even sidewalk chalkboards describing the daily specials of restaurants in French and English. This parochial imbecility has even attracted the disapproval of the United Nations, but has probably helped to satisfy bloodlessly French Canada's long-repressed lust for self-assertion. The late Northrop Frye, one of Canada's most distinguished academics, once dryly said of Quebec, "The more separatist its policies, the more inevitably provincial their characteristics."

Yet this sort of authoritarian retribution has probably reached its limits, even in a country where almost everyone is endowed with an officially recognized grievance by virtue of geography, ethnicity, gender, sexual proclivity, or physical or psychological challenges. (In Canada, government-designated victims outnumber the entire population because of the possibility of accumulating conditions of victimization like food stamps.) Canada became one of the world's most "politically correct" countries, but there are signs that it is outgrowing the victim culture, such as the recent refusal to compensate some ethnic groups for alleged slights upon their ancestors at the time of World War I.

English Canada has done a full and costly penance for two centuries of ignoring and perhaps slightly condescending to the French. The French Canadians have an unbroken record of canny political attention to their self-interest. By any reckoning, Quebec's independence would be complicated, costly, and at best an exhilarating and frightening voyage into the unknown. There is a powerful body of opinion throughout Canada that wishes to bring the long-standing uncertainty over Quebec's future to an end. Most Canadians agree that the

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process of having a plebiscite on the future of Canada conducted in Quebec alone every 10 to 15 years must stop.

Because the rest of Canada is no longer prepared to make concessions of authority to appease Quebec, Quebec will finally have to decide whether it really wishes to be part of Canada or not. I expect that Parizeau's attempt to back into independence via a spurious referendum on sovereignty within Canadian confederation will be rejected as a scam, probably by the Québécois or, if necessary, by the countries with which Parizeau would seek to exchange embassies.

A narrow plurality for his version of sovereignty, while it would aggravate existing instability in Canada, would not be believable to anyone as the birth of a nation. The English-speaking majority in western Quebec and the native peoples of the vast northern regions of the province, to which Canada would have a serious legal claim, would immediately announce their continued adherence to Canada. The fledgling state of Quebec could not resist these developments, no matter how much sovereignty it had purported to confer upon itself.

Parizeau, Bouchard, and the other separatist leaders are unwilling to present independence as anything other than the painless and almost imperceptible conclusion of an inexorable natural process. In fact, most Québécois should know that a sovereigntist majority is more likely to lead to an economic and political shambles, at least temporarily, than to a brave new world. In Parizeau's promised referendum on Quebec sovereignty, the sophisticated Quebec voters, who have played their hand so astutely for all of Canada's 155-year democratic history, will probably give the separatists no more than the 40 percent they won in the 1980 referendum. Since almost all parties are determined to resolve this issue once and for all, and because the federalists will make no more concessions, such a defeat for the separatists should mean that the option has been finally rejected and is closed.

If this prognosis is correct, the political insecurity that has so tortured Canada throughout its history could swiftly recede, leaving Canada a far more vigorous and self-possessed nation. If by some confluence of circumstances the separatists were to prevail, however, their victory would also open interesting possibilities for the rest of the continent.

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A MORE PERFECT UNION

DEPRIVED OF the principal source of its distinctiveness opposite the United States, post-Quebec English Canada would doubtless profess a determination to carry on without its reluctant and gangrenous French partner, like Churchillian Britain in 1940. In fact, truncated, debt-ridden, demoralized, mired in the Ozymandian constitutional wreckage of a binational country, defining itself in large part through (overrated) social programs, and prone to regional centrifugation only slightly less jarring than Quebec's, it would finally have to put its *raison d'être,* as one distinct from that of the United States, to the supreme test.

The only real differences between English Canada and the United States are political and ideological. The Empire Loyalist forebears of English Canada believed in the hierarchical imposition of peace and order by legitimate authority. They fled the democratic republic where all unallocated powers reside with the citizens, and their descendants are still frightened and enthralled by the fermentation of the American political process. The loyalty of the original English-speaking Canadians was to the sovereign. They were, by definition, statists, and so, relatively, have their descendants remained. The founders of the United States were individualists, and the nation that has just elevated House Speaker Newt Gingrich (R-Ga.) and House Majority Leader Dick Armey (R-Tx.) has also remained essentially faithful to that intent.

Despite the best efforts of the "caring and compassionate" school of Canadian nationalism, the only believable rationale for a Canada separate from the United States has been the principle of a distinctive bicultural nationalism—that is, if English- and French-speaking Canadians feel fortunate to share a country with each other. Be it ever so hackneyed and abused, *bonne entente* was the only formula that was ever going to work, and, despite all the vicissitudes, it will work. Only the French Canadians, not hosts of social workers and tax collectors, really distinguish Canada from its neighbor. Only the English Canadians can prevent Quebec from being an insignificant French postage stamp on the northern marches of the United

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States: a large, cold, resource-rich Puerto Rico.

The Empire Loyalists founded English Canada to preserve part of North America for the British Empire and to demarcate spheres of influence with the American republic in the new world. Their descendants tried to make a country with the French Canadians. If that endeavor finally fails, the whole original enterprise will ultimately probably fail.

Without Quebec, the four Atlantic provinces and the far west would have occasion to reappraise their membership in what would have become an incoherent confederation. The continuing provinces and territories—about 21 million homogeneous well-trained, rather law-abiding people living in a narrow ribbon along the American border of a vast, rich land—would still almost qualify as a member of the Group of Seven (G-7) leading industrialized economies. After the secession of Quebec and the retrenchment of Canada, the unabated might of the United States, the world's only superpower, would probably be more magnetic to its kindred and intimate neighbor than ever—assuming crime rates continued to decline and America appeared to be solving some of its gravest urban problems. Especially in a world where the principal alternate civilizations might eventually be oriental and Islamic militancies, the assembling of English-speaking, North American, liberal democratic capitalism in one country instead of two would have considerable appeal to both countries.

Only English Canada can prevent Quebec from becoming a large, cold Puerto Rico.

Mere annexation would be too demeaning to be acceptable to Canadians. But an American proposal of federal union, promising debt and tax reduction for Canada, and at least a transitional retention of control of residential immigration so all America's chronic welfare cases did not descend overnight on the comparatively generous Canadian social welfare system, might be acceptable.

For the United States, it would mean 21 million industrious, easily assimilable people and a colossal accretion of almost every natural resource. For Canada, after the painful collapse of the long bicultural experiment, adherence to the world's foremost nationality would

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mean security and identity at last while retaining regional individuality. In the abstract, English-speaking Canadians could undoubtedly make a more advantageous arrangement with the United States than they have had with Quebec. The United States could make an attractive offer even if different Canadian provinces, on a staggered and unpredictable timetable, responded with varying and evolving levels of enthusiasm.

The United States, which in less than 200 years became the greatest economic, military, and cultural force in the history of the world and is likely to remain so for some time, would eventually embrace a fragmented Canada—either by satellization, partial absorption, or outright fusion, whichever the Canadians wished. And, un-Canadian though this opinion might be now, no amount of spontaneous or orchestrated histrionics about compassion and the caring state would have much impact on the timetable, however enviable the perceived quality of life or keen the patriotic fervor in what would then be left of Canada.

That denouement would be a more important geopolitical phenomenon than the reunification of Germany. Even without Quebec, Canada has more people and infinitely more resources than East Germany had. Even in the most rabidly anti-American circles, it would be at least 50 years before there was any more wishful talk about the decline of the United States. There would be an immediate five percent increase in U.S. GNP, a virtual doubling of territory, and the instant replenishment of all the resources Americans have consumed or wasted in this century. Geopolitically, America would almost be born again.

The likelihood, to be arbitrary, is about two to one that the secession of Quebec will not occur. However, under either scenario—as an unambiguously united and sensibly bicultural country or an important component of a greatly reinforced United States—Canada will play a role in the world considerably more important than any it has enjoyed in its two centuries as, in the famous words of a British colonial official in the 1830s, "two nations warring in the bosom of a single state."

A Canada no longer subject to Quebec's endless threats of secession, where Quebec's permanent adherence had been effectively exchanged for an entrenched official status from sea to sea, as Trudeau originally proposed in the 1970s, would be a steadily more important

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G-7 country. It would fully occupy the political role available to one of the world's ten or twelve most important countries. If English-speaking Canada coalesced with the United States, the impact on America would be immensely positive and reassuring, and Canadians would be a stabilizing influence in America's complicated demography.

The first, more likely, and most desired scenario is the fulfillment of Canada's dreams. If it becomes impossible because of Quebec's antics, however, the second is not a completely unpalatable fate: one great country or, eventually, a number of important states in or affiliated with the world's principal country. What is an unpalatable fate is the perpetuation of the ancient and present uncertainties, and it is seen as such by almost all Canadians, English and French.

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On American Principles

George F. Kennan

THE HISTORICAL EXPERIENCE

AT A LARGE dinner given in New York in recognition of his nineti-eth birthday, the author of these lines ventured to say that what our country needed at this point was not primarily policies, "much less a single policy." What we needed, he argued, were principles—sound principles—"principles that accorded with the nature, the needs, the interests, and the limitations of our country." This rather cryptic statement could surely benefit from a few words of elucidation.

The place that principle has taken in the conduct of American for-eign policy in past years and decades can perhaps best be explained by a single example from American history. In the aftermath of the Napoleonic wars, and particularly in the period beginning about 1815-25, there set in a weakening of the ties that had previously held the Spanish empire together, and demands were raised by certain of the American colonies for complete independence. Pressure was brought on Wash-ington to take the lead not only in recognizing their independence at an early stage, but also in giving them political and presumably military aid in their efforts to consolidate their independence in the face of whatever resistance might be put up by the Spanish government.

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These questions presented themselves with particular intensity when James Monroe was president (1817-25). At that time the office of secretary of state was occupied by John Quincy Adams. In view of his exceptional qualities and experience, and the high respect with which he was held in Washington and throughout the country, much of the burden of designing the U.S. response to those pressures rested on him.

Adams realized that the U.S. historical experience left no choice but to welcome and give moral support to these South American peoples in their struggle for the recognition and consolidation of their independence. But he had little confidence in the ability of the new revolutionary leaders to shape these communities at any early date into mature, orderly, and firmly established states. For this reason, he was determined that America not be drawn too deeply into their armed conflicts with Spain, domestic political squabbles, or sometimes complicated relationships with their neighbors. Adams took this position, incidentally, not just with regard to the emerging South American countries, but also in relation to similar conflicts in Europe, particularly the efforts of Greek patriots to break away from the Turkish empire and establish an independent state.

These attitudes on Adams' part did not fail to meet with opposition in portions of the American political establishment. Some people, including the influential speaker of the House, Henry Clay, remembering America's own recent struggle for independence, felt strongly that the United States should take an active part in the similar struggles of other peoples. This, of course, was directly opposed to Adams' views. For this reason, Adams felt the need to take the problem to a wider audience and enlist public support for his views. In 1823, when he was invited by a committee of citizens to deliver a Fourth of July address in the nation's capital, he promptly agreed. The address was delivered in the premises of the House of Representatives, although not before a formal session of that body. The talk was presented as a personal statement, not an official one; and Adams took care to see that the text was printed and made widely available to the public.

A considerable part of the address was devoted to the questions I have just mentioned. On this subject Adams had some firm views. America, he said, had always extended to these new candidates for

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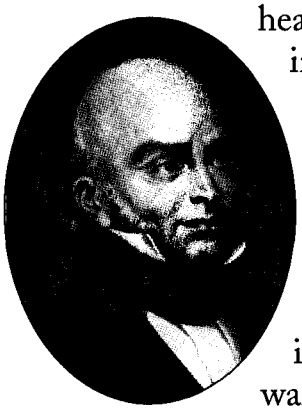
statehood "the hand of honest friendship, of equal freedom, and of generous reciprocity." It had spoken to them in "the language of equal liberty, of equal justice, and of equal rights." It had respected their independence. It had abstained from interference with their undertakings even when these were being conducted "for principles to which she [America] clings, as to the last vital drop that visits the heart." Why? Because, he explained, "America goes not abroad in search of monsters to destroy. She is the well-wisher to the freedom and independence of all. She is the champion and vindicator only of her own. She will recommend the general cause by the countenance of her voice, and the benignant sympathy of her example. She well knows that by once enlisting under other banners than her own, were they even the banners of foreign independence, she would involve herself beyond the power of extrication, in all the wars of interest and intrigue, of individual avarice, envy, and ambition, which assumed the colors and usurped the standards of freedom .... She might become the dictatress of the world. She would be no longer the ruler of her own spirit."



The relevance of this statement to many current problems—in such places as Iraq, Lebanon, Somalia, Bosnia, Rwanda, and even Haiti—is obvious. But that is not the reason why attention is being drawn to the statement at this point. What Adams was doing in those passages of his address was enunciating a principle of American foreign policy: namely, that, while it was "the well-wisher to the freedom and independence of all," America was also "the champion and vindicator only of her own." Those words seem to provide as clear an example as any of what the term "principle" might mean in relation to the diplomacy of this country or any other.

THE IDEAL VS. REALITY

How, then, using Adams' statement as a model, would the term "principle" be defined? One might say that a principle is a general rule of conduct by which a given country chooses to abide in the conduct of its relations with other countries. There are several aspects of

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the term, one or two of them touched on in this definition, others not, that require elucidation.

A principle was just defined as a general rule of conduct. That means that whoever adopts a principle does not specify any particular situation, problem, or bilateral relationship to which this rule should apply. It is designed to cover the entirety of possible or presumptive situations. It merely defines certain limits, positive and negative, within which policy, when those situations present themselves, ought to operate.

A principle, then, is a rule of conduct. But it is not an absolute one. The possibility is not precluded that situations might arise—unforeseeable situations, in particular—to which the adopted principle might not seem applicable or to the meeting of which the resources of the government in question were clearly inadequate. In such cases, exceptions might have to be made. This is not, after all, a perfect world. People make mistakes in judgment. And there is always the unforeseeable and unexpected.

A government cannot play fast and loose with the interests of its people.

But as new situations and challenges present themselves, and as government is confronted with the necessity of devising actions or policies with which to meet them, established principle is something that should have the first and the most authoritative claim on the attention and respect of the policymaker. Barring special circumstances, principle should be automatically applied, and whoever proposes to set it aside or violate it should explain why such violation seems unavoidable.

Second, a principle is, by definition, self-engendered. It is not something that requires, or would even admit of, any sort of communication, negotiation, or formal agreement with another government. In the case of the individual person (because individuals have principles, just as governments do), the principles that guide his life are a matter of conscience and self-respect. They flow from the individual's view of himself, the nature of his inner commitments, and his concept of the way he ought to behave if he is to be at peace with himself.

Now, the principles of a government are not entirely the same as those of an individual. The individual, in choosing his principles,

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engages only himself. He is at liberty to sacrifice his own practical interests in the service of some higher and more unselfish ideal. But this sort of sacrifice is one that a responsible government, and a democratic government in particular, is unable to take upon itself. It is an agent, not a principal. It is only a representative of others.

When a government speaks, it speaks not only for itself but for the people of the country. It cannot play fast and loose with their interests. Yet a country, too, can have a predominant collective sense of itself—what sort of a country it conceives itself or would like itself to be—and what sort of behavior would fit that concept. The place where this self-image finds its most natural reflection is in the principles that a country chooses to adopt and, to the extent possible, to follow. Principle represents, in other words, the ideal, if not always, alas, the reality, of the rules and restraints a country adopts. Once established, those rules and restraints require no explanation or defense to others. They are one's own business.

A drawing that appeared in *The New Yorker* magazine many years ago showed a cringing subordinate standing before the desk of an irate officer, presumably a colonel, who was banging the desk with his fist and saying: "There is no reason, damn it; it's just our policy."

Well, as a statement about policy, this was ridiculous. But had the colonel been referring to a principle instead of a policy, the statement might not have been so out of place. It would not be unusual, for example, for someone in authority in Washington today to say to the representative of a foreign government, when the situation warranted it, "I am sorry, but for us, this is a matter of principle, and I am afraid we will have to go on from there."

Let me also point out that principles can have negative as well as positive aspects. There can be certain things that a country can make it a matter of principle not to do. In many instances these negative aspects of principle may be more important than the positive ones. The positive ones normally suggest or involve action; actions have a way of carrying over almost imperceptibly from the realm of principle into that of policy, where they develop a momentum of their own in which the original considerations of principle either are forgotten or are compelled to yield to what appear to be necessities of the moment. In other

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words, it is sometimes clearer and simpler to define on principle the kinds of things a country will not go in for—the things that would fit with neither its standards nor its pretensions—than it is to define ways in which it will act positively, whatever the circumstances. The basic function of principles is, after all, to establish the parameters within which the policies of a country may be normally conducted. This is essentially a negative, rather than a positive, determination.

Another quality of a principle that deserves notice is that it is not, and cannot be, the product of the normal workings of the political process in any democratic country. It could not be decided by a plebiscite or even by legislative action. You would never get agreement on it if it came under that sort of debate, and whatever results might be achieved would deprive the concept of the degree of flexibility it requires to serve its purpose.

A principle is something that can only be declared, and then only by a political leader. It represents, of necessity, his own view of what sort of a country his is, and how it should conduct itself in the international arena. But the principle finds its reality, if it finds it at all, in the degree of acceptance, tacit or otherwise, that its proclamation ultimately receives from the remainder of the political establishment and from the populace at large. If that acceptance and support are not forthcoming in sufficient degree, a principle ceases to have reality. The statesman who proclaims it, therefore, has to be reasonably confident that, in putting it forward, he is interpreting, appealing to, and expressing the sentiment of a large proportion of the people for whom he speaks. This task of defining a principle must be seen as not just a privilege, but also a duty of political leadership.

Adams' statement certainly had this quality. The concept was indeed his own. But his formulation of it met wide and enthusiastic support among the people of his time, as he probably thought it would. The same could be said of similar declarations of principle from a number of other American statesmen, then and later. One has only to think, for example, of George Washington's statements in his farewell address, Thomas Jefferson's language in the Declaration of Independence, or Abraham Lincoln's in his Gettysburg speech. In each of those instances, the leaders, in putting forward their idea of

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principle, were speaking from their own estimate—a well-informed estimate—of what would find a sufficient response on the part of a large body, and not just a partisan body, of American opinion.

In no way other than by advocacy or proclamation from high office could such professions of principle be usefully formulated and brought forward. The rest of us may have our thoughts from time to time about the principles America ought to follow in its relations with the world, but none of us could state these principles in a manner that would give them significance for the behavior of the country at large.

THE POWER OF EXAMPLE

So much, then, for the essential characteristics of a principle and the manner in which it can be established. But there are those who will not be content with this abstract description of what a principle is, and who will want an example of what a principle valid for adoption by the United States of our day might look like.

The principle cited from Secretary Adams' Fourth of July speech was one that was applicable, in his view, to the situation then. The world now is, of course, different from his in many respects. There are those who will hold the gloomy view that such is the variety of our population and such are the differences among its various components, racial, social, and political, that it is idle to suppose that there could be any consensus among them on matters of principle. They have too little in common. There is much to be said for that view. This writer has at times been inclined to it himself. But further reflection suggests that there are certain feelings that we Americans or the great majority of us share, living as we do under the same political system and enjoying the same national consciousness, even though we are not always aware of having them. One may further suspect that if the translation of these feelings into principles of American behavior on the world scene were to be put forward from the highest governmental levels and adequately explained to the people at large, it might evoke a surprisingly strong response.

But this understanding and support cannot be expected to come spontaneously from below. It will not be likely to emerge from a pub-

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lic media dominated by advertisers and the entertainment industry. It will not be likely to emerge from legislative bodies extensively beholden to special interests, precisely because what would be at stake here would be the feelings and interests of the nation as a whole and not those of any particular and limited bodies of the citizenry. An adequate consensus on principles, in other words, could come from below only by way of response to suggestions from above, brought forward by a leadership that would take responsibility for educating and forming popular opinion, rather than merely trying to assess its existing moods and prejudices and play up to them.

Now, coming back to the model of Adams' Fourth of July speech, the problems now facing this country show a strong resemblance to ones Adams had in mind when he gave that address in 1823. At that time the dissolution of the great empires was only just beginning, and few—at the most half a dozen—of the newly emerging states were looking to us for assistance. In the period between Adams' time and our own, and particularly in the wake of the Second World War, the process of decolonization has proceeded at a dizzying pace, casting onto the surface of international life dozens of new states, many of them poorly prepared, as were those of Adams' time, for the responsibilities of independent statehood. This has led to many situations of instability, including civil wars and armed conflicts with neighbors, and there have been, accordingly, a great many appeals to us for political, economic, or military support.

To what extent, then, could Adams' principle of nonintervention, as set forth in 1823, be relevant to our situation today?

One cannot ignore the many respects in which our present situation differs from that which Adams was obliged to face. This writer is well aware of the increasingly global nature of our problems and the myriad involvements connecting our people and government with foreign countries. I do not mean to suggest a great reduction in those minor involvements. But what is at stake here are major political-military interventions by our government in the affairs of smaller countries. These are very different things.

First of all, we do not approach these questions with entirely free hands. We have conducted a number of such interventions in recent

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years, and at least three of these—Korea, Iraq, and Haiti—have led to new commitments that are still weighty and active.

There are several things to note about these interventions and commitments. First, while some may well have helped preserve peace or promote stability in local military relationships, this has not always been their stated purpose; in a number of instances, in particular, where we have portrayed them as efforts to promote democracy or human rights, they seem to have had little enduring success.

Second, lest there be any misunderstanding about this, the interventions in which we are now engaged or committed represent serious responsibilities. Any abrupt withdrawal from them would be a violation of these responsibilities; and there is no intention here to recommend anything of that sort. On the contrary, it should be a matter of principle for this government to meet to the best of its ability any responsibilities it has already incurred. Only when we have succeeded in extracting ourselves from the existing ones with dignity and honor will the question of further interventions present itself to us in the way that it did to Mr. Adams.

Third, instances where we have undertaken or committed ourselves to intervene represent only a small proportion of the demands and expectations that have come to rest on us. This is a great and confused world, and there are many other peoples and countries clamoring for our assistance. Yet it is clear that even these involvements stretch to the limit our economic and military resources, not to mention the goodwill of our people. And even if this were not a compelling limitation, there would still be the question of consistency. Are there any considerations being presented as justifications for our present involvements that would not, if consistently applied, be found to be relevant to many other situations as well? And if not, the question arises: If we cannot meet all the demands of this sort coming to rest upon us, should we attempt to meet any at all? The answer many would give to this question would be: yes, but only when our vital national interests are clearly threatened.

And last, beyond all these considerations, we have the general proposition that clearly underlay John Quincy Adams' response to similar problems so many years ago—his recognition that it is very difficult for one country to help another by intervening directly in its

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domestic affairs or in its conflicts with its neighbors. It is particularly difficult to do this without creating new and unwelcome embarrassments and burdens for the country endeavoring to help. The best way for a larger country to help smaller ones is surely by the power of example. Adams made this clear in the address cited above. One will recall his urging that the best response we could give to those appealing to us for support would be to give them what he called "the benign sympathy of our example." To go further, he warned, and try to give direct assistance would be to involve ourselves beyond the power of extrication "in all the wars of interest and intrigue, of individual avarice, envy, and ambition, which assumed the colors and usurped the standards of freedom." Who, today, looking at our involvements of recent years, could maintain that the fears these words expressed were any less applicable in our time than in his?

The best way for a larger country to help smaller ones is by the power of example.

These, then, are some of the considerations bearing on the relevance of Adams' principle to the present problems of our country. This writer, for one, finds Adams' principle, albeit with certain adjustments to meet our present circumstances and commitments, entirely suitable and indeed greatly needed as a guide for American policy in the coming period. This examination of what Adams said, and its relevance to the problems of our own age, will in any case have served to illustrate what the word "principle" meant in his time and what it could, in this case or others, mean in our own.

One last word: the example offered above of what a principle might be revolved primarily around our relations with smaller countries that felt, or professed to feel, the need for our help in furthering their places in the modern world. These demands have indeed taken a leading place in our diplomacy of this post-Cold War era. But one should not be left with the impression that these relationships were all that counted in our present problems with diplomacy. Also at stake are our relations with the other great powers, and these place even more important demands on our attention, policies, and resources.

The present moment is marked, most happily, by the fact that there

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are no great conflicts among the great powers. This situation is without precedent in recent centuries, and it is essential that it be cherished, nurtured, and preserved. Such is the destructive potential of advanced modern weapons that another great conflict between any of the leading powers could well do irreparable damage to the entire structure of modern civilization.

Intimately connected with those problems, of course, is the necessity of restraining, and eventually halting, the proliferation of weapons of mass destruction and of achieving their eventual total removal from national arsenals. And finally, also connected with these problems but going beyond them in many respects, there is the great environmental crisis our world is entering. To this crisis, too, adequate answers must be found if modern civilization is to have a future.

All of these challenges stand before us. Until they are met, even the many smaller and weaker countries can have no happy future. Our priorities must be shaped accordingly. Only when these wider problems have found their answers will any efforts we make to solve the problems of humane and civil government in the rest of the world have hopes of success.

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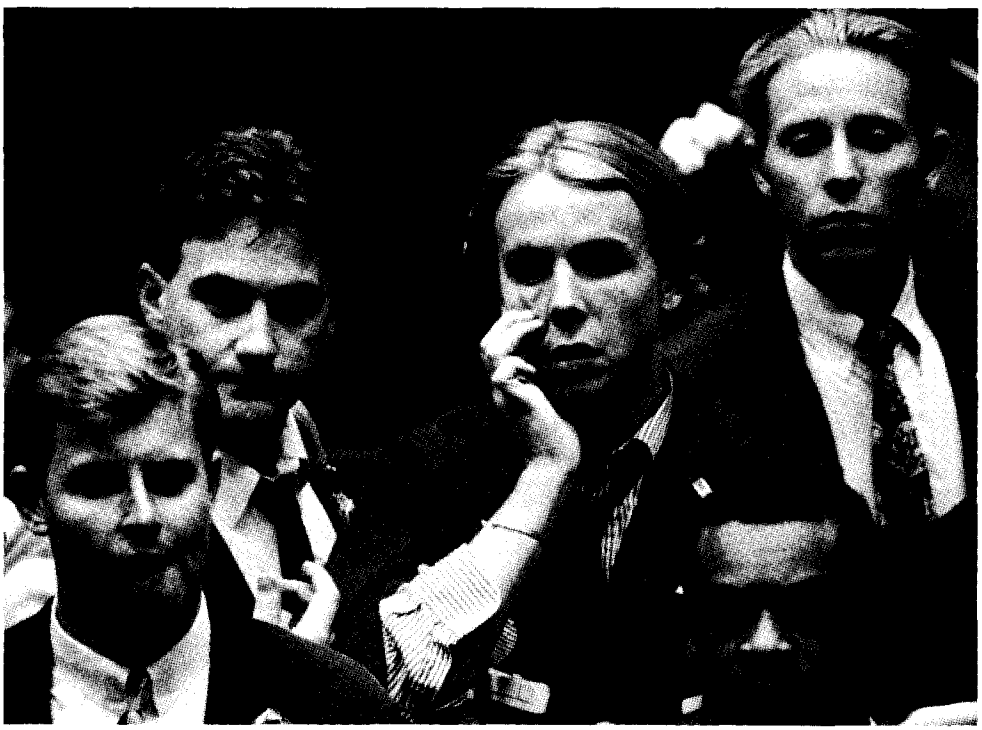
Reviews



REUTERS/BETTMANN

Sterling traders at the London Financial Futures and Options Exchange watch a computer screen as the pound collapses: September 17, 1992.

The pound suffered an old-fashioned run. People believed it would collapse. So it did.

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Review Essay

On Civil Society

Why Eastern Europe's Revolutions Could Succeed

Michael Ignatieff

Conditions of Liberty: Civil Society and Its Rivals. BY ERNEST GELLNER. London: Penguin, 1994, 225 pp. $27.95.

When the dissident East European intellectuals of the 1970s and 1980s were trying to imagine what kind of community they wanted in place of communism, they turned back to the concept of civil society, an archaic term rooted so far back in the Enlightenment that most West European intellectuals had forgotten its meaning. Instinctively, however, East Europeans knew what it meant: the kind of place where you do not change the street signs every time you change the regime.

The teachers, writers, and journalists of the Czech underground, the shipyard workers and intellectuals of Poland's Solidarity, and the pastors and laymen who met in East German church crypts did more than dream of civil society. They sought to implant one in the very womb of communist society. The philosophical study groups in basements and boiler rooms, the prayer meetings in church crypts, and the unofficial trade union meetings in bars and backrooms were seen as a civil society in embryo. Within those covert institutions came the education in liberty and the liberating energies that led to 1989. In the revolutions of that year—in Hungary, Poland, Romania, East Germany, Czechoslovakia, and the Baltics—civil society triumphed over the state.

In the communist utopia, true community would transcend all human divisions. In civil society, however, division and diversity, checks and balances, are of the essence. Political power is fenced off

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from cultural power and economic advantage, officeholders do not enrich themselves from office, power does not confer cultural authority, and social position does not entail cultural or political influence. A free society, acting through the press and its elected representatives, restrains the state, and the law restrains both. Needless to say, no civil society has ever lived up to this goal, and the tension between the formal promise of bourgeois society and its often sordid practice has served civil society's totalitarian enemies well. Yet the formal promise is more than hypocrisy: it remains the standard against which civil society judges itself and from which it finds renewed impetus to reform.

Civil society may be a flawed ideal, but in one central aspect there is no gulf between promise and performance. In a civil society, no paradise beckons. Church and state are divided; no civil religion is enforced or endorsed. Protected by a web of mutually restraining institutions, individuals are free to pursue their own private visions of paradise. The chief attraction of civil society to East European intellectuals was that it renounced an enforceable vision of the good life toward which unhappy souls could be force-marched.

Since the 1980s, the renewed East European interest in civil society has returned West European intellectuals to a concept they had forgotten. Ernest Gellner's book is not the first to observe this phenomenon, but it is certainly the most penetrating and profound. Gellner is a Czech-born, British-trained philosopher, anthropologist, and social theorist, formerly a professor of social anthropology at Cambridge University and now director of the Center for the Study of Nationalism at the Charles University in Prague. His new book brings together insightful East European thinking about civil society, an anthropologist's interest in non-European points of comparison, and a real grasp of the political theory of the Enlightenment. The book will fascinate both students of social theory and policymakers and journalists concerned with the mechanics of transition in Eastern Europe.

THE SACRED AND THE PROFANE

The idea of civil society emerged in the European republic of letters in the eighteenth century as philosophers and historians sought to come to terms with the capitalist modernity emerging all around them.[1] They realized that market economies were rapidly bursting the state's integument of mercantilist regulation. They also saw that this transnational market economy had emerged in tandem with a bourgeois society that was also self-regulating. The idea of the invisible hand sought to capture what was distinctively self-acting and self-correcting about market and society alike. The great Scottish philosophers—

[1] For further exploration of the origins of the concept of civil society, see Istvan Hont and Michael Ignatieff, eds., *Wealth and Virtue: The Shaping of Political Economy in the Scottish Enlightenment,* Cambridge: Cambridge University Press, 1983; Michael Ignatieff, *The Needs of Strangers,* London: Hogarth Press, 1984; Albert O. Hirschman, *The Passions and the Interests,* Princeton: Princeton University Press, 1977; and John Keane, ed., *Civil Society and the State: New European Perspectives,* London: Verso, 1988.

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Adam Ferguson, Adam Smith, and David Hume—called this new social formation a "civil society" to distinguish it from the "savage and barbarous" tribal societies observable in the New World. A "civil" society was civilized and ordered by the rule of law. Unlike tribal society, it was also large-scale and held together by impersonal bonds of interest rather than ties of kin and blood. The Scottish thinkers could see that it was a highly segmented society, with a division of labor and a class system. It was also, to a degree some found frightening, a self-correcting mechanism in which the selfish actions of myriad individuals, brought together only by the rule of law, managed to produce an orderly and dynamic accumulation of prosperity unprecedented in human history.

A civil society, as the eighteenth-century theorists understood it, was not necessarily a democratic society. The ancien régime in France was not a democracy, yet it enjoyed a vigorous civil society. What a commercial economy absolutely required, Hume maintained, was not democratic government, but "regular government," that is, the rule of law. And while a civil society was inconceivable without a market, it was not a creature of the market. Indeed, the reverse was the case. As the Scottish philosophers believed, it was civil society—especially the pressure of its public opinion—that determined how free, efficient, and honest a market would emerge.

The moral scandal of such a society, as pointed out first by Bernard Mandeville in his 1715 classic *The Fable of the Bees,* was that its members were brazenly and unapologetically in the service of those sins of greed and avarice that Christian teaching had always condemned. A civil society was, in Gellner's words, a profane society, a society that explicitly sought to put the lowest of human desires to productive uses. Mandeville's paradox—private vices make public virtues—naturalized the profane by demonstrating that capitalist individuals were more likely to promote the public good when they looked exclusively to their private interest. In modern commercial society, said Hume and Smith, the poorest laborer was better housed and clothed than in the more egalitarian and possibly more virtuous tribal societies of the past. In other words, a civil society could also be a moral order without anyone intending it to be.

It was a moral order, however, without traditional moral tutelage. In a civil society, church and state were separated, as in the United States, or, as in England, religious nonconformity coexisted with an established church. Toleration and religious pluralism were the necessary preconditions of the spirit of free inquiry that inspired its capacity for innovation and sustained its political liberty.

A civil society is committed, to use Sir Isaiah Berlin's famous distinction, to "negative" rather than "positive" liberty. Freedom is freedom from interference and concentrations of arbitrary power, and freedom's guarantee is a set of negative checks and balances designed to prevent unjust accumulation of influence. Liberty in civil society is essentially negative because there cannot be, in principle, agreement among human beings about the positive ends of political communities, beyond the protection of the liberties of the individuals who compose it. If people seek to overcome their own alien-

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ation and separateness, they can do so only as individuals or in voluntary groups. Society offers no salvations, only protections.

Throughout the eighteenth century, philosophers and historians struggled to evaluate the moral reality of the emerging capitalist order with the language of public virtue inherited from republican Rome. Adam Ferguson, a Scottish professor of moral philosophy, published an "Essay on the History of Civil Society" in 1773, which, while welcoming the wealth and liberty of the modern capitalist world, also observed that in this new society, "many of the establishments which serve to defend the weak from oppression, contribute, by securing the possession of property, to favor its unequal division and to increase the ascendant of those from whom the abuses of power may be feared." Here in embryo was Karl Marx's critique of bourgeois law. Other critics of capitalist modernity, led by Jean Jacques Rousseau, insisted that obsession with private interest would lead to neglect of public duty. Amid such neglect, despotism might thrive, and both public virtue and private liberty would be corrupted.

The young Marx, writing between 1842 and 1844, married this Rousseauian critique to a Hegelian theory of alienation. Civil society's supposed division of political, economic, and ideological power was a sham. The state was the executive committee of the ruling bourgeoisie, and law was its chosen instrument of oppression. Inspired by Hegel and the early socialists, Marx began to envision a utopia that would overcome and transcend the opposition between private and public interest. The result: a vision of paradise, beyond division, beyond "the narrow horizon of bourgeois right."

Judged from the standpoint of the twentieth century, of course, the consequences of Marx's intellectual breakthrough in 1844 can only be described as catastrophic. His contempt for bourgeois legality led inexorably toward a Leninist contempt for legality altogether. By cruel yet necessary irony, the doctrine that the bourgeois state was merely the executive committee of civil society helped to legitimize the creation of a Leninist state that abolished society altogether.

The consequences of Marx's contempt for civil society are well known. What Gellner adds is the insight that Marx remained the captive of both the classical republican and early Christian disdain for the profane. For all his attempts to rid his doctrine of any taint of mysticism or spirituality, Marx's thought remained permeated by the religious vision of man as a fallen creature, profaned by avarice and greed but capable of redemption in a community of plenty and justice. Like most German romantics, he believed that our true nature was artistic: that humankind released its suppressed potential in making and shaping rather than in huckstering and bartering.

Gellner's most interesting thought is that the societies built with the scaffolding of Marx's thought made the mistake not of attempting to drive religion out of life altogether, but of investing the economic with sacred significance. "The great weakness of Marxism," he writes, "may be not so much its formal elimination of the transcendent from religion, but its over-sacralization of the imma-

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nent." The icons of this faith "depicted the sacredness of work and the worker, astride a tractor, his muscles bulging with productive effort." What was invested with sacred purpose was the disinterested, nonerotic, sacrificial components of work: heroic self-denial in the service of society. The Soviet Union's Five Year Plans were sustained by this heady religion of labor and social sacrifice, and as Gellner rightly sees, it was this religion that ensured that "mass murder did not undermine conviction." But the religion of productive labor could only sustain itself during the frenzies of total mobilization. A society that offers no ideological quarter to the profane, to the selfish, acquisitive, self-interested sides of human motivation, leaves itself vulnerable when the promised paradise never materializes and the collective enthusiasm of total mobilization is succeeded, as it must be, by exhaustion and disillusion. Faith in Soviet communism survived Stalin's purges but not the peaceful squalor of the Brezhnev years. The ideological ban on profane capitalist instincts not only undermined the economy but morally exposed the corruption, nepotism, and idleness that followed the breakdown of the old religion of labor. So, Gellner concludes, "the world's first secular religion failed not because it deprived man of the transcendent, but because it deprived him of the profane."

MODULAR MAN

The genius of capitalist civil society is that it not only harnesses our profane energies, but relieves us of the moral burden of thinking of them as profane. In so doing, it relieves us of the strain of constant longing for unattainable self-transcendence in desperate simulations of paradise.

By legitimizing the profane, such a society also encourages the emergence of a new kind of human identity, which Gellner calls "modular man." Modern individualism is not anomic or atomized, Gellner argues, because civil society allows individuals to associate with each other in bewilderingly complex networks—friendships, sports teams, work groups, and amateur and professional associations of all kinds. What is modular about the modern self is the inorganic, bolted-on character of those attachments. We enter and leave them at will, and we are constantly renegotiating their claims on our time and loyalty. We tend to take such associative connections for granted, but they form a pattern of life absolutely distinct from the kinship ties of a tribal society or the party ties of a totalitarian state.

Civil society may seem momentarily triumphant at "the end of history," but its triumph, Gellner argues, is vulnerable and may be short-lived. Its very suppleness—the refusal to sacralize the profane, the refusal to privilege public goals over private ones, the insistence that liberty can only have a negative rather than positive content—may also prove its undoing. From an anthropological point of view, modern civil society is unique in its bracketing of ultimate questions, in its refusal to provide its members with a faith or a myth to live by. Marxist totalitarianism, while it posed as a tradition-shattering avatar of modernism, remained obedient to the oldest traditions of human authority: it sought to create and enforce a collective moral authority. "It is civil society, with its separation of fact and

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value, and its coldly instrumental unsacramental vision of authority, which is exceptional," Gellner writes.

In vain, liberal philosophers from John Stuart Mill to Isaiah Berlin have maintained that capitalist societies ought to stand only for liberty. They continue to be accused by conservatives of being nihilists in disguise, whose rationalization of the profane betrays the human need for shared meanings. In contemporary America, for example, the religious right has tapped into a deep longing that capitalist society "stand for" something, that it embody the virtues of a small-scale community. The unrelenting attack on "liberalism" from the religious and political right since the 1960s, when viewed from Gellner's perspective, appears as a futile attempt to "moralize" a mass society that by its very nature cannot serve collective moral ends.

On this reading, the conservative counterrevolution in morals—prayer in schools, opposition to abortion, the proscription of homosexuals—is dangerous precisely because it does not accept the nature of its own society. This is not pragmatic politics, but rather a demand that society be refashioned as a whole into its ideal of a Puritan, family-oriented community. This project cannot succeed because modern civil society cannot possibly be the moral community conservatives imagine. Since their attempts to make it so are bound to fail, they are necessarily driven into ever more fanatical postures of moral rejection. This is not to say that a modern civil society cannot defend and embody what the philosophers call a "thin" definition of the good: a set of rights and procedures that protect individuals against violence and abuse. But to drive civil society beyond that, into the holistic fantasy of a God-fearing, family-loving, resolutely heterosexual community, would be to sacrifice the liberty that is its defining characteristic. Yet the fact that it is impossible to create a moral community out of civil society will not make that desire go away. Desires do not vanish because they are incoherent or impossible. The risk, therefore, is that the politics of civil society may be immobilized by futile moral battles. The real problems a society has to address in its politics will be passed over in an interminable quarrel between liberals and conservatives that cannot, in the nature of things, issue a result. Thus, civil society is menaced from within by its own inability to satisfy its citizens' recurrent fantasy of a holistic community. But it is also threatened from without by competing societies that have proved more successful in offering moral community to their members.

THE COMPETITION

Civil society has modern competitors, whose chief claim is to offer the shared moral vision that civil society lacks. Islam, Gellner argues, far from being a reactionary throwback or flight from modernity, has proven itself an astonishingly adaptive alternative to civil society. To the disoriented, individualized urban dweller of the Third World—living through the chaos of urbanization, underdevelopment, and the botched modernizations of weak postcolonial states—Islam offers a sacred code that provides metaphysical reassurance and the detailed regulation of private behavior once

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offered in tribal society. Islam thus is an exceptionally effective response to the spiritual and practical needs of a disoriented urban population in the throes of modernization. It offers the imaginary community that the real world of political and social life so signally lacks. Thus, in the Islamic world, Gellner argues, the masses put up with corrupt polities and unjust social orders because they believe that their rulers remain subjects, like them, of the same sacred order and moral law. Like Marxism, Islam sacralizes daily life by minute regulation of private behavior. But Islam has shown much greater staying power than Marxism: it has never made the mistake of offering paradise here on earth. It also has the immeasurable advantage of having it both ways in relation to wealth: it accepts riches when they come and offers the compensations of high-minded indifference when they do not. Thus, Islam cushions the Muslim masses from the endemic failure of these societies to successfully emulate the West while comfortably rationalizing the economic privileges of the elite.

Islam is not the only competitor to Western civil society. In passing, Gellner discusses the attractiveness of the emerging forms of Asiatic capitalism, which, in its Chinese, Taiwanese, Singaporean, and Malaysian variants, combines a dynamic market economy with political authoritarianism and, in place of a free civil society, offers a tightly bound kinship society. The evident appeal of such societies is that they offer an ingenious solution to capitalist anomie: the individual remains encased within the disciplines of authoritarian order from above and kinship and family networks from below.

Even in Europe, the coldly individualistic vision of civil society has always encountered resistance from those who wish society to "stand for" something. The appeal of nationalism, Gellner argues, is that it offers shared meaning to modular man. Gellner's earlier work, *Nations and Nationalism,* developed the theory that nationalism is a functional adaptation to modernization, an attempt by the nation-state to provide the rituals of collective belonging and attachment formerly provided by the tribe, village, and local community. National systems of education, which inculcate national language, history, and values, have enabled modern civil societies to respond to the need for collective belonging within a market order characterized by alienation and anomie.

For Gellner, the nationalist temptation occurs in all civil societies, Western and Eastern. Civic varieties of nationalism—that is, ones that define membership in the nation in terms of shared adherence to civic values—are fully compatible with the necessary pluralism of civil society. Ethnic nationalism, which defines belonging in terms of blood, ethnic origin, or language, may or may not be compatible with civil society, depending on how such societies define the rights of ethnic and other minorities. In what Gellner aptly calls the third time zone of Europe, the Balkans, Western ideals of nationalism have proven disastrous. In a region where patterns of ethnic settlement are dispersed and heterogeneous and where ethnicity is deeply blurred by intermarriage and common settlement, the very idea of ethnic sepa-

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ratism is suicidal. In such ethnically heterogeneous regions, a civil society allowing individuals to collaborate as individuals on nonethnic lines appears to offer the most rational prospect for social order. Yet the paradox of the Balkans is that while nowhere is the rationality of a nonethnic civil society more obvious, nowhere has it proved more difficult to create. True, Yugoslavia enjoyed one of the most vigorous revivals of an independent civil society anywhere in the communist world in the 1960s and 1970s. Millions of young Yugoslavs believed they had emancipated themselves from ethnic ties. Yet when nationalist politicians, first in Serbia and then in Croatia, set out to create ethnic states on the ruins of Tito's Yugoslavia, the courageous defenders of a nonethnic polity found themselves outnumbered, outvoted, and eventually outgunned.

Disappointingly, Gellner does not address the challenge raised by the Yugoslav catastrophe. It may be that Yugoslavia illustrates the truth that a multiethnic, multicultural civil society cannot exist without a strong state. Without such a state as arbiter and guarantor of ethnic accommodation, civil society risks disintegrating into ethnic factions, and it does so because it is rational for individuals to seek the protection of their own. In other words, a multiethnic civil society was possible only so long as Marshal Tito guaranteed civil order. In the vacuum created by the collapse of the Titoist state, civil society proved incapable of self-regulation, and those brave Yugoslav voices who preached against the madness of ethnic separation were drowned out in the gadarene rush to divide. Yugoslavia suggests, gloomily enough, that no civil society has the strength to withstand tribal or ethnic warfare once the state loses its capacity to maintain order. Invisible hands are no substitute for the magistrate's sword.

A CIVIL SOCIETY STRATEGY

Elsewhere in Eastern Europe, state structures remain sufficiently robust to contain ethnic conflict, yet their societies remain mired in the transition between the communist past and a capitalist future. Western policymakers, anxious to strengthen the so-called reform process in Eastern Europe, are usually aware that they ought to begin by strengthening civil society. This means funding independent media; maintaining ties not simply with governments and regimes but with their oppositions; providing aid and assistance to strengthen the key institutions of civil society, the courts, judiciary, and police; developing charitable and voluntary associations so that the population ceases to look to the state and begins to look to its own strengths; developing nongovernmental channels for the delivery of Western technical aid and assistance, and educational and cultural exchanges. A civil society strategy for strengthening reform and democracy starts with the search for partners outside the state, the leading parties, and the bureaucracy.

A civil society strategy, in other words, assumes that formal democracy is not enough. Indeed, democracy will degenerate into authoritarian populism unless the democratic habits of debating what needs to be done and then organizing to get it done take root in civil society's

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institutions themselves. All of the post-communist regimes are nominally democratic, but in practice the levers of power have usually remained in the hands of the old nomenklatura. All of those societies are nominally capitalist in orientation, yet their economies remain locked in mid-transition as inefficient hybrids of state enterprise and mafia entrepreneurship. In a state like Serbia, the coming of democracy has actually strengthened the old nomenklatura, enabling them to secure democratic mandates for their brand of authoritarian populism by cynically fomenting nationalist hysteria. Likewise, a market economy coexists with a huge subsidized state sector, the one feeding off its semi-criminal links with the other.

Formal democracy cannot become real democracy until the civil society becomes strong enough to offer the old nomenklatura effective competition and opposition. It is in the institutions of civil society—a free press, independent universities, trade unions, banks, commercial firms, publishing houses, and so on—that the leadership of a democratic society is trained and recruited. If the Scottish philosophers were right, moreover, it is civil society in tandem with the state that tames the market. Without a strong civil society, there cannot be a debate about what kind of market to have, what portions of its surplus should be put to the use of present and future generations, and what standards of legal and commercial behavior are required to make it function properly. Without a free and robust civil society, market capitalism must inevitably turn into mafia capitalism.

And so it has been proven in the arduous transition from communist to capitalist society in Eastern Europe. Without civil society, democracy remains an empty shell; without civil society, the market becomes a jungle. All this is evident enough. The question in Eastern Europe, as Gellner so rightly says, is whether a social form that emerged from below, by accident and over centuries, can now be established "from above, by design and in a hurry." Pessimism about the prospects for the post-communist world is centered on this issue: in Western Europe, civil society took centuries to emerge from the bottom up. But these societies need it immediately. Without a robustly independent society, it is hard to see how they can withstand political demagoguery and the shocks of economic transition. On the other hand, the experience of the East European dissidents in the 1970s and 1980s shows how quickly an embryonic civil society can emerge in the interstices of communism if there are enough courageous individuals who understand what it is they want and have the political cunning and tenacity to seek it. Gellner's work will guide and perhaps even inspire them toward their goal.

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Review Essay

For Love of Money

Why Central Bankers and Speculators Need Each Other

Michael Lewis

The Vandals' Crown: How Rebel Currency Traders Overthrew the World's Central Banks. BY GREGORY J. MILLMAN. New York: Free Press, 1995, 250 pp. $23.00.

Until the early 1980s, there was a running dispute within the economics profession that descended to the level of a spectator sport. One side was eloquently represented by John Kenneth Galbraith, the other by Milton Friedman. Together they accomplished for economics what Norman Mailer and Gore Vidal did for literature. Friedman published, or perhaps merely allowed to be published, a slender treatise entitled *Friedman on Galbraith*, which consisted of a roundtable discussion convened to examine, in something less than the spirit of scientific inquiry, the inexplicable global appeal of his rival. For his part, Galbraith was wont to open speeches with a canned joke about the night he was awakened at 3:00 a.m. by an Israeli journalist asking his reaction to Friedman's appointment as an adviser to Israel. "With Milton Friedman as your economic adviser," a sleepy Galbraith told the Israeli people, "you have nothing to worry about from a few hundred million hostile Arabs."

It was a rare case of a dispute between academics that was so bitter because the stakes were so high. Perhaps the most critical question in their debate was what precisely had caused the Great Depression. Galbraith argued on behalf of John Maynard Keynes that the cataclysm had been caused by inherently unstable free markets. Friedman, holding new evidence, explained that the depression was the result of the failure of central banks to respond to a reduction in the money supply. So the government, and not the market, had failed.

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By the early 1980s Friedman's view pretty much had replaced Keynes' as the new orthodoxy in economics departments. But what this meant in practice was less clear. Keynes' ideas had spawned government-controlled financial structures around the globe and embedded within central banks and government treasuries a certain smugness about their ability to manage markets. The paradigmatic post–World War II financial institutions, the World Bank and the International Monetary Fund, had been conceived by Keynes himself precisely to prevent the free markets from regaining control of international capital flows. More importantly, currency exchange values had been placed under the control of central banks—in part because Keynes had persuaded others of the evils of freely floating currencies.

The new financial order depended for its credibility on Keynes' misdiagnosis of the Great Depression. Yet long after Friedman corrected the diagnosis the old bureaucracies remained. In fact, the Bretton Woods twins still stand more than firm—since 1981 the World Bank's budget has tripled to $1.39 billion from $435 million, while its staff has doubled to about 10,000. And while the world left the dollar standard in 1971, exchange rates are still managed—with varying degrees of effectiveness—by central bankers.

THE DAWN OF FREE MONEY

I had always imagined Milton Friedman in his Chicago study slowly growing mad as the real world took its sweet time catching up to his explanation of it. Gregory J. Millman's new book put my mind at ease on this point. In his enthusiastic description of the slow demise of the postwar financial order, the author recounts a poignant moment in November 1967 when Friedman played an active role in its undoing. The economist had long watched the British government prop up its currency while pursuing reckless fiscal policies. One day he decided to sell the British pound short—an act worthy of Keynes, who was a frequent financial speculator.[1]

Friedman soon discovered, to his surprise, that the market for his wager did not exist. Chicago bankers refused to lend him the pounds to sell, on the grounds that the Federal Reserve and the Bank of England still disapproved of private speculation in currencies. He complained at length in a series of articles in *Newsweek*. The articles suggested to Leo Melamed, then a member of the Board of Governors of the Chicago Mercantile Exchange, the possibility of a currency futures market. Clutching a letter from Friedman (for which he had paid $5,000) Melamed requested the permission of George Shultz, then President Nixon's secretary of the treasury and formerly Friedman's close colleague at the Univer-

[1] To our knowledge of Keynes' financial activities, Millman contributes the observation made of him by his fellow Bloomsburian, Lytton Strachey: "He brings off his copulations and speculations with the same calculating odiousness; he has a boy with the same mean pleasure with which he sells at the top of the market, and can hardly tell the difference between pocketing 15 percent and kissing Duncan."

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sity of Chicago, to open the new market. When Shultz saw no reason to refuse, he exposed the contradiction at the heart of the postwar financial system: it was administered by people with an ideological commitment to free markets.

In August 1971, when President Richard Nixon announced that the dollar no longer would be convertible to gold, he blamed speculators for "waging an all-out war on the dollar." In breaking the back of Bretton Woods he could more honestly have blamed the foreign governments—the French, in particular—that refused to hold increasingly inflated dollars. More honestly still, Nixon could have blamed his own inflationary fiscal and monetary policies. But from the moment of Nixon's announcement the markets assumed responsibility for the dollar's value. The subsequent profusion of new financial instruments, such as futures and options, was one response to the explosion in currency speculation. In May 1972, the market in currency futures opened. Friedman, along with every other small investor, was able to sell the British pound short. The first entirely free market for currency speculation in the postwar era was born.

The effect of this post-1972 market and the various attempts by governments to control exchange rates is the real subject of *The Vandals' Crown*, though the author digresses at length on many others, from the history of paper money to the origin of the Bretton Woods institutions. The price of this breadth is a loss of focus. For example, the book fails to address one of the more interesting questions that arises naturally from its subject: since the end of the dollar standard in 1971, exactly how much have central banks lost defending their currencies? The number is well buried in central bank balance sheets and thus hidden from the taxpayers who pick up the tab. In its published reports, the Federal Reserve occasionally asserts that its various interventions turn a profit for the American taxpayer. But the claim cries out for rebuttal. The Fed intervenes in search not of profits but of some notional value of the dollar. More often than not it is buttressing a weakening dollar or depressing a strengthening one; in other words, acting *against* the market. Only rarely does it succeed. If this is not a recipe for losing money, then private currency traders could grow rich simply by aping the Fed.

But of course they don't, as Millman nicely demonstrates. Currency traders have grown rich by taking positions in the markets opposite to those of the central banks. The success of these traders has steadily eroded the bureaucrats' control across the financial markets. The bureaucrats' various responses to their new predicament could fill a book; indeed, it has. Millman writes of the moment in early 1992 when Mitsuo Sato, formerly of Japan's Ministry of Finance and chief negotiator of the Japan-U.S. yen/dollar working agreement and now deputy director of the Tokyo Stock Exchange, attempted to quell activity in Japanese stock index futures. Regulators in Japan pretty well shut down the business at home. But in so doing they merely drove the game abroad, to exchanges in Singapore and New York.

The account of Sato's futile attempts to stop trading overseas should be required reading for U.S. trade negotia-

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tors. First came a meeting in Singapore with the president of the exchange, Ang Swee Tian, in which Sato began with a civil demand, progressed to political threats, and went from there to personal threats. "At one point," writes Millman, "[Sato] picked up an ashtray and threatened to throw it at Tian's head." Then came another in Tokyo with Ivers Riley, an executive vice president of the American Stock Exchange. "Sato shouted, 'Mr. Riley, you don't understand—no new products!' " Riley recalls. Then Sato began to issue threats. "I felt a couple of times that I was going to get the rubber hose treatments," said Riley. It didn't work. On the night before trading in Japanese stock index futures was to begin in New York, an official in Japan's Ministry of Finance called Riley to say that the Securities and Exchange Commission had just decided against permitting the new contract to open. The next morning Riley called the SEC, which told him that it had issued precisely the opposite ruling.

EVERYBODY'S DOING IT

That the state has lost control over its financial markets, however, does not mean that individual speculators have gained control. What has occurred in the markets is a diffusion of power to the point where power, in any meaningful sense, hardly exists. There is a distinction worth making between small and large economies. Any one of a dozen or so speculators in New York City probably could wreak havoc with the New Zealand dollar. And there is not a lot New Zealand can do about it, unless the speculator has some stake in maintaining good relations with the Antipodes. But the embarrassing truth is that destroying the New Zealand dollar is, for a big speculator, a bit like killing a porcupine for its meat. Unless you are very hungry, it is probably not worth the trouble.

The British pound is another matter. The speculation against the pound in 1992 that drove it out of the European Monetary System illustrates the gap between what actually happens in the markets and what people—even senior politicians—believe is happening. To this day the received wisdom in British politics is that the pound was collapsed by George Soros. This view is wrong in several respects. First, even as Soros' reputation as a market genius grew, he was removing himself from the market. The decision to sell the pound short was actually made by his colleague, Stanley Druckenmiller. Second, it was not a lone battle; many other speculators were involved. Third, and most importantly, the sum of the speculators' wagers was dwarfed by the trading of large corporations needing to hedge their exchange rate exposure. Millman explains in persuasive detail that currency speculators rode the corporate sales of British pounds like surfers catching a wave. No corporation held sufficient power, or sufficient ambition, to move a market very far. Rather, they acted as a faceless group, exchanging their sterling for dollars, marks, and yen to avoid the incipient collapse of the pound. It was an old-fashioned run on the currency. Once enough people believed that the pound would collapse, it did.

While the size of international currency markets makes it difficult for any one person to dominate them, that same vastness means that even small shifts in

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currency values can create multimillionaires overnight. It is only a slight exaggeration to say that the free world's central banks have created an industry of rich middlemen. And the rise of these traders represents less a triumph of the market over the central bankers than a gradual fusion of the interests of central bankers and traders. The simple fact is that neither group cares to see the end of their tug of war. The foreign exchange traders make large profits from central bank intervention, which—far from stabilizing markets—causes them to be more volatile. The central banks gain importance, stature, and a bureaucratic *raison d'être* by attempting to manage the currency, bravely defending it against the onslaughts of the speculators, etc., etc. The longer the struggle persists, the less difference there is between the putative combatants.

Indeed, these days trader and central banker are often one and the same. At least half a dozen former governors of the Federal Reserve now hold high-paying jobs on Wall Street, where they provide advice to currency and bond traders. One former Fed governor now employed by an investment bank was recently described by *The New York Times* as selling his inside knowledge of the Fed for $100 a minute. The value of this sort of advice always will be proportional to the activities of the central bank, and so former central bankers, and those who buy them, share an immediate financial interest in keeping the central bank active.

They also share an interest in the central bank remaining inscrutable. Most central banks, including the Federal Reserve, refuse to explain their actions. They operate on the odd assumption that markets function more smoothly with less knowledge than with more. There was only a brief period in the early 1970s during which the Fed released the minutes of its meetings, five years after they had occurred. The stated reason for this indiscretion was a desire to provide professional economists with data, so they might better understand the institution. But fairly quickly it became clear that the Fed and the economists shared an agenda—to attack the claims of a new book by a pair of heretics. That book was *A Monetary History of the United States, 1867–1960*, written by Milton Friedman and Anna Jacobson Schwartz. It explained, among other things, how the Great Depression had been caused by the idiocy of the Federal Reserve.

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Recent Books on International Relations

Political and Legal

FRANCIS FUKUYAMA

Race and Culture: A World View. BY THOMAS SOWELL. New York: Basic Books, 1994, 331 pp. $25.00.

Thomas Sowell here gives an international perspective to themes from earlier works like *Ethnic America* and *Markets and Minorities.* Arguing that major economic and social differences between groups cannot be explained by environment, Sowell asserts that tenacious cultural differences are fundamentally responsible. Using a wide range of evidence from countries and cultures around the world, Sowell notes the persistence of traits among certain ethnic groups under a wide variety of circumstances, suggesting the weak influence of environment. He deals forthrightly with the question of differences in I.Q. between ethnic groups, though unlike Charles Murray and Richard Herrnstein in *The Bell Curve,* he attributes them more to culture than nature. Despite its international subject matter, the book reflects its author's preoccupation with U.S. domestic issues like affirmative action and multiculturalism.

The Boundaries of Citizenship: Race, Ethnicity, and Nationality in the Liberal State. BY JEFF SPINNER. Baltimore: Johns Hopkins University Press, 1994, 232 pp. $39.95.

Classical liberal political theory contains one great hole: by treating citizens solely as individuals, it ignores the groups, ascriptive and voluntary, into which real populations are divided. This volume, written by a political theorist who draws on empirical data, does an excellent job of coming to grips with this issue in normative terms. The author presents sensible arguments for rejecting the positions both of orthodox liberals, who do not accept forms of

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group identity, as well as cultural pluralists who believe that a liberal society can be made up of distinct and self-regarding cultural groups. The book argues that liberal citizenship has its own homogenizing requirements that put limits on the degree of multiculturalism. Other forms of cultural particularism are important, however; contrary to communitarian thought, it is not realistic to think that all forms of modern community life can be voluntary. The book gives thoughtful guidelines on how states can steer between these two poles. His examples—American blacks, Jews, Amish, and the Quebeckers in Canada—are all North American, but the prescriptions apply across national boundaries.

Ethnic Politics. BY MILTON J. ESMAN. Ithaca: Cornell University Press, 1994, 277 pp. $37.50 cloth (paper, $14.95).

This book is a helpful counterpart to Spinner's, looking at ethnicity normatively rather than sociologically. Like Spinner, the author argues that the liberal perspective that looks to individuals alone is not realistic in the contemporary world. Ascriptive group identities have not inevitably evolved into voluntary ones, as modernization theorists predicted, and cannot be treated as simply illegitimate. The author provides a series of careful definitions of ethnicity, ethnic mobilization, and the like and looks at concrete cases of ethnic politics in Malaysia, South Africa, the Middle East, and Canada. The results are judicious: neither "primordialist" nor "instrumental" theories of ethnicity are fully borne out, and the author provides a number of reasonable, if not entirely new, strategies for states to manage the problem of ethnicity.

Nationalism, Ethnicity, and Identity: Cross-National and Comparative Perspectives. EDITED BY RUSSELL F. FARNEN. New Brunswick: Transaction Publishers, 1994, 538 pp. $49.95.

This volume brings together a rather diverse set of chapters on ethnicity and nationalism, with topics ranging from cross-national comparisons of national stereotypes to individual country studies of ethnic identity in Germany, Poland, Hungary, Ukraine, Turkey, and elsewhere. Many individual chapters contain interesting empirical data from value surveys on ethnicity. The editor strongly favors multicultural education as a solution to the problem of ethnic diversity; he might do well to consult the Spinner volume noted above concerning the normative limits of this kind of approach in a liberal society.

The Balkanization of the West: The Confluence of Postmodernism and Postcommunism. BY STJEPAN G. MESTROVIC. London and New York: Routledge, 1994, 226 pp. $59.95 (paper, $18.95).

As its title suggests, this book argues that rather than democracy and capitalism spreading to the former communist world, the rest of the world will become "Balkanized," with even Western Europe and the United States disintegrating into a welter of tribal, ethnic, and other premodern conflicts. This strangely written book wanders between sociology on a grand scale and policy advocacy concerning

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Yugoslavia, a subject from which the author has trouble distancing himself. It contains one important insight not present in similarly pessimistic prognoses like Robert A. Kaplan's or Hans Magnus Enzensberger's: the weak point of Western modernity is that postmodernism has vanquished Enlightenment rationalism and left democracy without secure philosophical foundations. The author's distinction between the universalism of rational Enlightenment principles and societies based on culture and tradition is too sharply drawn, however. Most workable democracies (and most sensible democratic theorists) have realized that universalism and culture must be combined; for this very reason their staying power is greater than suggested here.

Charismatic Christianity as a Global Culture. EDITED BY KARLA POEWE. Columbia: University of South Carolina Press, 1994, 300 pp. $49.95.

This collection of essays analyzes in a scholarly and dispassionate way one of the least understood and appreciated transnational phenomena of the late twentieth century: the upsurge of charismatic Christianity. The book traces surprising international linkages, such as the criticial role played by Christians in China. The book adds substantially to the new and growing literature on this subject.

World Orders Old and New. BY NOAM CHOMSKY. New York: Columbia University Press, 1994, 311 pp. $24.95.

The dean of American left-wing intellectuals updates his views of world politics since the fall of the Berlin Wall, and not surprisingly he does not like what he sees. The Cold War for Chomsky was merely an interlude in the long-term domination of the world by Europe, and the New World Order is very much like the old. He is particularly hard on the Clinton administration for mouthing a lot of shibboleths about democracy and humanitarian intervention while pursuing policies that preserve American hegemony. The Clintonites, according to the author, have merely replaced defense spending with industrial policy. The last third of the book is devoted to lambasting the current peace process in the Middle East as an Arab surrender to U.S.-Israeli force majeure. Chomsky's critique remains quite traditional in many ways. The problem for him is class domination of the Pentagon and large corporations; newer issues of gender, race, sexual orientation, and the like get slender mention.

The Social Legacy of Communism. BY JAMES R. MILLAR AND SHARON L. WOLCHIK. New York: Cambridge University Press/Washington: Woodrow Wilson Center Press, 1994, 404 pp. $69.95 (paper, $18.95).

This fine volume hopefully will be the first in a series of studies on the social consequences of communism, a subject greatly neglected during the Cold War while attention was focused on throw-weights and the Politburo. Relying on extensive empirical data like the Soviet Interview Project, which queried recent émigrés, the volume looks at the Soviet legacy of ethnic consciousness, crime, drug abuse, health, family structure, religious belief, and social stratification. Some of the findings are truly astounding, such as the statistics on increasing levels

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of mortality throughout the Eastern bloc during the 1980s chronicled in the chapter by Nicholas Eberstadt. These findings make clear how seriously communism was misjudged and are invaluable to understanding how civil society can reconstruct itself in the East.

The Twilight of Democracy. BY PATRICK KENON. New York: Doubleday, 1995, 320 pp. $24.00.

This book, written by a retired CIA analyst, argues that despite its apparent victory, democracy is doomed as a form of government and will be replaced by a competent, faceless technocracy. The author makes a large number of sweeping generalizations and expresses any number of often irascible opinions—for example, that America is in economic decline, or that political leaders play important roles only in tribal societies but are a major liability in modern ones. These views are seldom supported by anything other than anecdotal evidence and on occasion are wrong. For example, the author asserts that the American primary election process is undemocratic because candidates are picked by party machines. Surprisingly, the author is not troubled by the anticipated takeover of power by technocrats because he has a bizarrely benign view of both their expertise and judgment.

Surviving the Millennium: American Global Strategy, the Collapse of the Soviet Empire, and the Question of Peace. BY HALL GARDNER. Westport: Praeger Publishers, 1994, 261 pp. $55.00.

Despite the title, one will not find too much useful guidance here. (On the other hand, since the millennium is only five years away, surviving until then may not be as hard as it sounds.) This book was conceived and begun before the collapse of the Soviet empire, and like many such books it is disjointed. Half the text is a familiar history of the Cold War, arguing that the United States missed opportunities gradually to integrate the U.S.S.R. into the world system. The other half argues somewhat implausibly that the possibility of global conflict has become even greater since the end of the Cold War because the collapse of the Soviet Union has ended the "double containment" by America of its allies, particularly Germany and Japan. Many of the policy recommendations, such as U.N. units stationed in eastern Germany to allay Russian fears, or U.N. or CSCE "preventative war" military forces intervening in East European hot spots, are not particularly well thought out.

Talking to the Enemy: How States without 'Diplomatic Relations' Communicate. BY G. R. BERRIDGE. New York: St. Martin's Press, 1994, 178 pp. $59.95.

This slim volume deals straightforwardly with the pros and cons of the ways that states without diplomatic relations talk to one another. Quite helpful on its somewhat narrow topic, but the per-page cost is the highest I have seen.

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Economic, Social, and Environmental

RICHARD N. COOPER

Scarcity or Abundance? A Debate on the Environment. BY NORMAN MYERS AND JULIAN L. SIMON. New York: W. W. Norton, 1994, 254 pp. $21.00.

This lively book pits an alarmed environmentalist against an optimistic economist. It reports a 1992 debate at Columbia University, along with pre-debate statements and post-debate rebuttals. Both authors are spirited, selective in their citation of data and authority, quick to pounce on the weak points in the adversary's argument and reluctant to acknowledge the strong points. There is no attempt to reconcile the arguments and identify the irreducible differences of values and perspective.

In the end, the debaters do not understand one another. Myers' view is that the state of the world is bad and will worsen if vigorous action is not taken soon. Simon's view is that the material condition of humankind is better than it has ever been, and that as problems arise people will act, so conditions will continue to improve. While one or both of these views may be wrong, they are not mutally exclusive.

Myers never really concedes Simon's positive evaluation of people's ingenuity in overcoming problems, and Simon fails to recognize that people's adaptability has been based on the ability to identify problems before they do irreparable damage and to engage in collective as well as individual action. Regrettably, this book does not address public policy. But it is a stimulating introduction to different views of people's relationship to their environment.

Still an Open Door? U.S. Immigration Policy and the American Economy. BY VERNON M. BRIGGS, JR., AND STEPHEN MOORE. Washington: The American University Press, 1994, 167 pp. $49.50 (paper, $16.95).

Immigrants have peopled the United States, but immigration policy has been highly controversial. Motivated by an alleged negative effect of immigration on the wages and employment of low-skilled workers and blacks, Briggs argues that the recent rapid growth of immigration is out of sync with U.S. labor requirements, which increasingly emphasize technical and interpersonal skills. He urges placing a ceiling on immigration, basing actual immigration on near-term requirements for labor skills, and strengthening the prosecution of illegal immigrants.

A second essay, by Moore, is enthusiastic about the impact of immigrants. Drawing heavily on academic research, Moore cites an impressive array of evidence that contradicts the popular views that immigrants burden social welfare, increase unemployment, reduce wages, and accelerate the decay of inner cities. He does not deny that immigrants displace American workers in particular jobs and places but suggests this displacement does not reduce overall employment and reduces wages only negligibly.

Cities with large immigration have generally shown greater economic vigor. In view of the anticipated slowdown in the growth of the U.S. labor force and the pressure on the Social Security system, Moore urges that the current limit on immigration of 675,000 a year (excluding

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refugees) gradually be enlarged to 1.5 million. Both authors agree that in awarding immigrant visas, emphasis on uniting families should give way to education and specialized skills.

Governing the Global Economy: International Finance and the State.
BY ETHAN B. KAPSTEIN.
Cambridge: Harvard University Press, 1994, 224 pp. $29.95.

Despite its broad title, this eminently readable book focuses narrowly on international activities of banks and relations with governments over the past two decades, with heavy emphasis on increasing intergovernmental cooperation in supervision and regulation. It is well told.

There are chapters inter alia on the role of banks in recycling the large Organization of Petroleum Exporting Countries payment surpluses in the mid-1970s and early 1980s, the international debt crisis of the mid-1980s, evolving bank regulation within the European Community as it moved toward a single market, and the dramatic closing of the Luxembourg-based Bank of Credit and Commerce International amid scandal in 1991.

The author's thesis is that the much-vaunted globalization of international finance, far from diminishing the role of governments, enhances their importance. Governments have risen to the challenge, and cooperation among them has increased considerably, at least as far as banks are concerned. As with developments in securities markets, the United States has typically provided the lead.

Domestic Choices, International Markets: Dismantling National Barriers and Liberalizing Securities Markets.
BY ANDREW C. SOBEL. Ann Arbor: University of Michigan Press, 1994, 211 pp. $39.50.

This highly readable book is the outgrowth of a Ph.D. dissertation in political science. In a clear thesis, Sobel states that the dramatic deregulation of financial markets in the United States, Britain, and Japan during the 1970s and 1980s was driven not, as is commonly supposed, by growing international financial integration and competition, but by domestic pressure. Financial markets were severely segmented in all three countries. The advance of technology and certain triggering events, especially financial scandals in Britain and Japan, made financial liberalization politically possible.

Sobel compiles a cornucopia of information on securities markets and government policy. The focus is equities and rather neglects foreign exchange and derivatives. The thesis draws a somewhat artificial dichotomy between domestic and international impetus to change and probably understates the extent that international competition wore down domestic opposition to change. The book itself observes that the United States sets the standards in financial developments that affect other countries. But it reminds us that, in the end, all politics is local.

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Military, Scientific, and Technological

ELIOT A. COHEN

On the Origins of War and the Preservation of Peace. BY DONALD KAGAN. New York: Doubleday, 1995, 606 pp. $30.00.

This large and lucid book grew out of a course taught for a number of years at Yale University. The book looks at the outbreak of the Peloponnesian War, World War I, the Second Punic War, the Second World War, and a war that was not—the Cuban missile crisis. Kagan, a blunt and effective defender of the Western canon, is an eminent ancient historian and has written an outstanding four-volume history of the Peloponnesian War. He has prepared five engrossing narratives, each of which could stand on its own, that address common questions: What was the nature of the broken peace, and how did each country decide to go to war? Some chapters (not surprisingly those on the classical period) are better than others, but overall this work is powerful and important. Like many historians, Kagan is perhaps too skittish about making general observations, but a theme that repeatedly emerges is the importance of a failure of willpower on the part of a world power to deter a rising challenger. Not a fashionable or even a novel proposition, perhaps, but one advanced with rare force and conviction.

The Aftermath of Defeat: Societies, Armed Forces, and the Challenge of Recovery. EDITED BY GEORGE J. ANDREOPOULOS AND HAROLD E. SELESKY. New Haven: Yale University Press, 1994, 195 pp. $22.50.

This slender volume explores a fascinating theme, focusing primarily on European case studies (although the Chinese after 1979 receive a chapter, as do both Israelis and Arabs after 1967 and 1973 in an essay by Amos Perlmutter). The essays do not always address similar issues, nor are the cases always comparable—for example, the common ground between the Royal Navy's recovery after the early phase of the American Revolutionary War, and de Gaulle and the recovery of the French army after Indochina and Algeria, is difficult to see. Nonetheless the editors have picked the right authors to do the work, and some of the essays (Brian Sullivan's on the Italian army after Caporetto, for example) are brilliant. One only wishes that the editors would have extracted more common discourse from the impressive array of talent that they assembled.

Military Readiness: Concepts, Choices, Consequences. BY RICHARD K. BETTS. Washington: Brookings, 1995, 280 pp. $36.95 cloth (paper, $16.95).

Military readiness is obviously enough of a good thing to elicit more cant from policymakers than almost any other aspect of the military. This book offers a useful antidote and more. Betts, one of the foremost American students of things military, has written a superb study of military readiness in the United States, drawing primarily on the period from World War II to the present. In this as in other works, he demonstrates a mastery of historical literature, a keen awareness of the practical problems of policymaking, and a talent for devising conceptual frameworks. Most striking here is his awareness of the paradoxes and tradeoffs in readiness

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between preparedness for war today and a month from now, between readiness and size, between the demands of the moment and longer-term innovation and modernization. This work will be all the more useful coming as it does when Congress is concerned about declining readiness. Surely one of the most insightful books on military affairs this year.

Congress Oversees the United States Intelligence Community, 1947-1994, 2d edition. BY FRANK J. SMIST, JR. Knoxville: University of Tennessee Press, 1994, 393 pp. $24.95.

The dates in the title are misleading: this book covers primarily 1975 to 1993. Still bearing the marks of its origin as a dissertation and relying extensively on quotations from several hundred interviews, the book is heavy on names and dates but rather thin on analysis. Nonetheless, it is a useful monograph. Particularly interesting is Smist's documentation of congressional overseers' indiscretions.

Clearing the Fields: Solutions to the Global Land Mines Crisis. EDITED BY KEVIN M. CAHILL. New York: Basic Books and the Council on Foreign Relations, 1995, 288 pp. $25.00.

There is a great deal of humanitarian passion in Cahill's introduction and conclusion, but the most useful essays in his volume are soberly analytical. Patrick Blagden and Thomas Evans handle technological issues with considerable authority; Richard Johnson provides a responsible professional military perspective; and Hays Parks is informative on the law of war. Most of the other essays range from the superficial to the fervent but often impractical, while Bryan Hehir's typically tightly reasoned but abstract essay on the morality of mine warfare is in a category of its own. Some of the authors would like to see land mines banned, but such a move, their colleagues counter, is unlikely to take place and could be downright immoral. There is some confusion—duds from air- or artillery-delivered cluster bombs are not mines—and some of the numbers thrown about seem questionable. Nonetheless, on balance this is a troubling and illuminating collection of articles about the growing problem of murderous post-combat debris.

Certain Victory: The U.S. Army in the Gulf War. BY ROBERT H. SCALES, JR. Washington: Brassey's, 1994, 464 pp. $29.95.

This is a reissue by Brassey's, under the auspices of the Association of the United States Army, of an official U.S. Army study directed by then Brigadier General Scales and closely supervised by senior generals. An attempt to put forward the army's story on the Persian Gulf War, the book is not nearly as good as it should have been given the talents of its principal author, a serious military intellectual. The study was a replacement for a vastly more critical internal army report by Major General (Ret.) Thomas Tait, who receives scant mention. Although there is a good if occasionally stylized combat narrative here and ample documentation, the book succumbs to an unnecessary and unseemly boosterism. American soldiers are invariably brave, competent, superbly trained

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and equipped, and above all brilliantly led. Deficiencies when mentioned are almost always "perceived" or "alleged." A war cannot be fought without a credible opponent, so the book includes guest appearances by grimly determined Iraqi antitank teams, an Iraqi colonel who is a hard-nosed commander with the army in his blood, and so on. *Certain Victory* gives only passing mention to problems like fratricide (there is no attempt to tally the percentage of vehicles and personnel lost to friendly fire, for example) and concludes by declaring the victory in the gulf a lasting touchstone for generations to come. Such purple prose bespeaks an unfortunate institutional effort to treat the Persian Gulf War not as history but as morality play. The overriding lesson is the need for keeping official studies free of oversight by the chain of command.

China's Strategic Seapower: The Politics of Force Modernization in the Nuclear Age. BY JOHN WILSON LEWIS AND XUE LITAI. Stanford: Stanford University Press, 1994, 393 pp. $45.00.

This careful study is narrower than it initially seems because, in keeping with Cold War usage, "strategic" means nuclear. A richly documented study of China's acquisition of nuclear powered ballistic missile submarines, a program that dates back to the 1950s. The authors conclude that the history of China's military industry explains why China could shed the legacy of past political upheavals and move into the modern age, a point specialists will ponder and perhaps dispute. Whether or not they are right, the authors tell an absorbing and convincing tale of how this technologically backward and politically turbulent country managed to create workable advanced weapon systems. As such, despite its narrow focus, the book has broad significance.

Nuclear Successor States of the Soviet Union, No. 2. BY THE CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE AND THE MONTEREY INSTITUTE OF INTERNATIONAL STUDIES. Washington: Carnegie Endowment, 1994. 63 pp.

This slim monograph is densely packed with information about the nuclear capability and potential of Russia, Belarus, Ukraine, and Kazakhstan. It is an excellent compilation of data not only about nuclear weapons but also facilities such as reactors and research centers. In addition, the authors give detailed accounts of each country's status with regard to various international treaties and agreements. Twenty pages of news clips about illicit exports from the newly independent states are a chillingly concise and complete list of unsettling incidents over the last year. Four simple but well-drawn maps illustrate the location of the facilities and weapons. All in all, a wonderfully compact and informative reference work, up to date as of December 1994.

Livre Blanc sur la Defense. Paris: Ministry of Defense, 1994, 139 pp.

Defending Australia: Defence White Paper 1994. Canberra: Australian Government Printing Office, 1994, 167 pp.

The U.S. Defense Department does not issue white papers, relying instead on the sometimes informative, often superficial annual report of the secretary of defense to Congress. The annual report is often viewed with some scorn inside the Penta-

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gon and even on Capitol Hill; both regard the secret defense planning guidance as more important. Other countries, however, take the white paper—an authoritative statement of overall policy, issued on no fixed schedule—much more seriously. France and Australia have produced white papers this year worth examining. The French document takes 2010 as its planning horizon and is, as one might expect, distinguished by an unsentimental and clear exposition of French national interests. It sketches out a defense policy that will place increased emphasis on projecting power backed by improved intelligence-gathering and command and control, and it spends considerable space wrestling with the problem of national service. The paper succeeds much less well in establishing the connection between budget and force size, central to any country's strategy. The Australian white paper, by way of contrast, is slightly more restrained in describing the security environment but considerably more precise in its assessment of force structure and technological needs. Both papers exemplify serious strategic thinking by middle powers that have come to terms with the end of the Cold War.

The United States

DAVID C. HENDRICKSON

On the Edge: The Clinton Presidency. BY ELIZABETH DREW. New York: Simon & Schuster, 1994, 462 pp. $24.00.

Elizabeth Drew, the well-known Washington journalist, has written an uneven book on the Clinton presidency. Focusing mostly on Clinton's first year, Drew gives a solid day-by-day account of the confused decision-making and wild mood swings at the White House, yielding a picture of general fecklessness. In a revealing anecdote, former Secretary of Defense Les Aspin, listening to the president talk about Robert Kaplan's *Balkan Ghosts* in May 1993, realizes that Clinton has grave reservations over the plan for Bosnia that Warren Christopher was just then presenting to European allies. "As he heard the president talk about it, Aspin thought, 'Holy shit! He's going south on lift and strike.'" Unfortunately the book is littered with the dull argot of inside-the-Beltway spinmeisters. The emphasis is more on personalities than policies. A recurring motif is that Clinton needs to redefine his presidency, but a general theme of themelessness does not inspire in a book this long. The volume ends abruptly, with the Clintons heading off to Martha's Vineyard in the late summer of 1994, but with no summing-up that tells the reader, as the jacket blurb promises, what the Clinton presidency means for the country.

Improbable Dangers: U.S. Conceptions of Threat in the Cold War and After. BY ROBERT H. JOHNSON. New York: St. Martin's Press, 1994, 317 pp. $39.95.

This carefully argued and meticulously footnoted work examines the tendency of U.S. policymakers to exaggerate threats to American security over the last half-century. Johnson, a fellow at the National Planning Association, acknowledges that containment was a necessary policy dur-

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ing the Cold War but insists nonetheless that the Soviet threat was exaggerated. In making his case, he winds his way through a variety of domino theories, missile gaps, and windows of vulnerability. Though concentrating mainly on the Soviet threat during the Cold War (and drawing on essays previously published in the 1980s), Johnson also surveys a variety of developments since 1989—particularly the emergence of U.S. concern over nuclear proliferation—in arguing that the tendency toward threat inflation is by no means at an end. There is much good sense in this book, a useful antidote to the scare-mongering and implausible scenarios that still accompany calls for U.S. intervention.

Breakup: The Coming End of Canada and the Stakes for America. BY LANSING LAMONT. New York: W. W. Norton & Company, 1994, 260 pp. $25.00.

In a fascinating portrait of Canada and its manifold divisions, Lamont, an American journalist and long-time observer of Canada, provides an excellent introduction to the "great divides" that separate Canadians from one another and give them an attenuated sense of common nationhood. The careful exposition in the first part of the book is followed by an imaginative flight of fancy in the second. In a future setting, Lamont poses as a historian recounting Quebec's secession on January 1, 2000. Crashing financial markets, an exodus of the Anglophone minority, and a spectacular act of ecoterrorism by Cree warriors in the north dominate the first phase of Quebec's unhappy independence, which is greeted coldly in the United States. The remainder of Canada splinters into regional fragments, each ever more subject to American domination yet providing fewer benefits for Washington than Canada *avant le déluge.*

Least plausible is the guess that 80 percent of Quebec's population would be so blind as to vote for independence in a referendum. A bare majority, however, may well do so, and Lamont's vision of the consequences is compelling. Canadians should read this elegy for their dying country as a somber warning; Americans, for its fine evocation of a distant neighbor, perpetually on the verge of a nervous breakdown, whose fracturing would pose novel and difficult problems for U.S. foreign policy.

Congress and the Politics of U.S. Foreign Policy. BY JAMES M. LINDSAY. Baltimore: The Johns Hopkins University Press, 1994, 228 pp. $42.50 (paper, $13.95).

A balanced and lucid survey of the role of Congress in U.S. foreign policy. Lindsay, a political scientist at Iowa, takes aim at both "irreconcilables," who think the congressional role has assumed imperial dimensions, and "skeptics," who discount Congress' impact on policy. The congressional deference of the 1950s for which irreconcilables yearn (or for which they yearned when Republicans controlled the White House) is a historical anomaly. Skeptics, by contrast, underrate the efficacy of Congress in criticizing and legitimizing executive leadership. The study displays an easy command of historical and constitutional precedent and, despite its slim size, is a comprehensive introduction to the subject. The conclusion—that one cannot eliminate Congress'

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vices without impairing its capacity to act virtuously—is sound enough but perhaps too sunny in a political climate where a weakened president provides a strong temptation for destructive partisanship.

More Precious than Peace: The Cold War and the Struggle for the Third World. BY PETER W. RODMAN. New York: Charles Scribner's Sons, 1994, 641 pp. $35.00.

A veteran of the Washington policy wars has written a tour de force on the U.S.-Soviet struggle for the Third World. At turns dispassionate, witty, and argumentative, Rodman brings to the work not only a near-unique vantage point as a senior aide in four Republican administrations but also highly impressive skills as a historian. Beginning with the clash between Wilson and Lenin over the colonial question, Rodman expertly traces the unfolding of the great game over the following 75 years, with most of the work given over to the 1970s and 1980s and to detailed treatments of the crises in Angola, Cambodia, Afghanistan, and Central America. Rodman shows how, at the moment of abject American demoralization following the collapse in Vietnam, the Soviet Union began to break out of the fetters that Nixon and Kissinger had attempted to impose. Its various interventions, culminating in the Soviet invasion of Afghanistan, underlined the necessity for vigorous American opposition. They also provided an opportunity to pay the Soviets back in their own coin, and American support was funneled to armed insurgents who contributed significantly to the enfeeblement and collapse of Leninism. Ironically, this resistance was most effective in Afghanistan, where it was least democratic. Nevertheless, in Rodman's view Reagan's great accomplishment was that he joined together a strategic rationale and a moral justification ("the democratic revolution") for U.S. actions, tapping "the Wilsonian tradition as a motivation for the accomplishment of a Nixonian strategic purpose."

Whatever its merit in the past, the relevance of the Reagan formula for the post-Cold War world is questionable. The partners to the union, Mr. Strategic Purpose and Ms. Moral Vision, seem increasingly ill at ease in one another's company. It seems most unlikely that the form their dalliance took under the Reagan Doctrine—underwriting armed insurrections on behalf of free government—provides a justifiable policy for a future without the Soviet threat.

American Hegemony: Political Morality in a One-Superpower World. BY LEA BRILMAYER. New Haven: Yale University Press, 1994, 259 pp. $30.00.

Addresses what moral justification, if any, might be given for "hegemonic leadership." Brilmayer, a professor at New York University Law School, displays real virtuosity as an analytical philosopher. She puts the "vulgar realists," who deny any role to moral factors, in painful cul-de-sacs and examines the ways weaker states may consent to having the undisputed heavyweight champion of the world provide public goods or enforce international

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law. It turns out to be difficult, though not impossible, to locate a consensual basis for such a role, but the hegemonic leader must meet so many criteria—no special regard for its own interest, no selectivity among regions—that the enterprise begins to seem unattractive.

In the end, Brilmayer undercuts the state-centered assumptions on which her examination is based, giving the argument an inconclusive turn. She urges the United States to pursue universal human rights within prudence, but the impression lingers that policymakers are being asked to pursue an imprudent project prudently.

Western Europe

FRITZ STERN

Jean Monnet: The First Statesman of Interdependence. BY FRANÇOIS DUCHÊNE. New York: W. W. Norton & Company, 1994, 478 pp. $30.00.

A brilliant biography of one of the pivotal and least likely creators of a new European world. Monnet's career in international affairs began with his place on an Anglo-French supply mission to the United States in World War I, flourished in World War II, and had its lasting impact with the post-war Monnet plan for economic renewal in France and his push for Franco-German reconciliation through the Schuman Plan. Monnet had the most extraordinary links to people in power, especially in the United States. Self-effacing, operating usually without formal office and always without direct political ambition, he could effectively mobilize his connections to promote common institutions for a new "civilianized" Europe. Duchêne, who worked with Monnet for ten years, has done vast archival research and illuminates Monnet's career in its full historical context. More, he offers a comprehensive analysis of Monnet's basic premises, aims, and inspired, dogged ways of pursuing and often achieving his goals.

Duchêne is a splendid analyst and stylist with a gift for the elegant and incisive phrase. The book is long, but so was Monnet's life. A great achievement, marred by a footnote apparatus that elevates unreadability to intolerable heights.

Ending Europe's Wars: The Continuing Search for Peace and Security. BY JONATHAN DEAN. New York: Twentieth Century Fund, 1994, 439 pp. $34.95.

A broad-gauged survey of Europe's post-1989 trouble spots. Also a detailed, critical, and prescriptive analysis of the institutions that could or should provide peacekeeping machinery, including the Conference on Security and Cooperation in Europe, NATO, and the Western European Union. A recurrent theme emphasizes the potential threat of a resurgent Russia (with its 30,000 nuclear warheads), especially in the face of a likely decline of the American presence in Europe. Dean also notes new departures in German policies and concludes that "the united Germany has in the NATO-WEU context become a second France." Dean, a long-time participant in arms control deliberations and negotiations, presents a valuable combination of instant history and acute analysis of European security questions, seeing Europe as a potential model for peacekeeping in other regions of the world. A major work, despite the occasional slips in historical account.

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Jews for Sale? Nazi-Jewish Negotiations, 1933–1945. BY YEHUDA BAUER. New Haven: Yale University Press, 1994, 306 pp. $30.00.

Bauer, a well-known Israeli historian, tries to uncover the murky story that some Nazis negotiated with some Jews—even at the height of the Holocaust. He begins with the only actual agreement reached between Nazis and Jews at the very beginning of Nazi rule. That agreement gave German Jews a chance to transfer some of their capital to Palestine. It was reached when the Nazis were aiming to exterminate the Jews, but even in that period some Nazis, Himmler included, made tentative gestures at bartering Jews for material or political gain. A few self-chosen Jews were used to contact Allied representatives, including agents of the Office of Strategic Services, in hopes of reaching an accommodation with the West so as to press the fight against the Soviet Union. Much of the book deals with the fate of Hitler's last victims, the Hungarian Jews.

Bauer engages in contemporary controversy: he defends most Jewish "negotiators" against charges that their efforts smacked of collaboration or treason. Although it somewhat neglects the vast secondary literature of recent years, the widely researched book touches on moral-psychological themes including the difference between having information and "internalizing" or believing it. An inconsistent work but of considerable interest to students of the Third Reich, the Holocaust, and World War II.

Churchill and Roosevelt at War: The War They Fought and the Peace They Hoped to Make. BY KEITH SAINSBURY. New York: New York University Press, 1994, 223 pp. $24.95.

An English historian, who has written on various aspects of the war, reexamines the relationship of the two leaders, emphasizing their mounting conflicts and the somewhat concealed decline of Churchill's influence. Principal disagreements were political, especially those touching on Eastern Europe, de Gaulle, and the postwar place of France and Germany. Roosevelt concentrated on the hopes for a new international order, hence the importance he attached to relations with the U.S.S.R. (though I think the author slights Roosevelt's disappointment at Soviet actions in the post-Yalta months). Churchill devised a new balance of power in Europe, requiring a strong France and eventually a rehabilitated Germany. Inherently an absorbing story, with some new archival material, but compressed and somewhat aseptic.

The French Communist Party in the Fifth Republic. BY D. S. BELL AND BYRON CRIDDLE. New York: Oxford University Press, 1994, 294 pp. $55.00.

A short history of the structure and political development of the French Communist Party, which after World War II was briefly the leading party and is now, the authors plausibly assume, in permanent eclipse. This clearly written account, which two English political scientists based on a wealth of secondary sources, emphasizes the avowedly Leninist structure and spirit of the party.

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Oldest Allies, Guarded Friends: The United States and France since 1940. BY CHARLES G. COGAN. Westport: Praeger Publishers, 1994, 234 pp. $19.95 (paper).

An analysis of Franco-American relations from Franklin Roosevelt's snubbing of Charles de Gaulle to present disputes of two countries in decline. Major crises—the dispute over the European Defense Community and the Eurocorps, for example—are case studies. The value of the book is Cogan's understanding of the fundamental cultural and historical differences that inevitably intrude into and chafe relations between the two countries. An odd mixture of history and journalism, a revised doctoral dissertation, enlivened by the author's 37 years in the CIA.

The IRA: A History. BY TIM PAT COOGAN. Niwot, CO: Roberts Rinehart Publishers, 1993, 510 pp. $27.95.

Free Ireland: Towards a Lasting Peace. BY GERRY ADAMS. Niwot, CO: Roberts Rinehart Publishers, 1994, 224 pp. $11.95 (paper).

Coogan, a prominent Irish journalist, has updated for an American audience an earlier account of the Irish Republican Army. He brings his story—much of it based on 500 interviews—to the first serious efforts at finding an end to the violence.

The IRA is a terrifying story of IRA terrorism, Protestant outrages in Northern Ireland, and British measures of violent suppression. British violence may be less well-known, though Amnesty International has recorded it. Coogan touches on the IRA's international ties, but his evidence is weak, and the book rarely identifies sources. He notes that IRA atrocities evoke revulsion in England and Ireland, and he hopes for a role for the United Nations and European Union in resolving the conflict.

Gerry Adams, president of the IRA political arm, Sinn Fein, has acquired greater visibility since his recent visit to the United States. His book, with its fierce nationalism and anti-imperialist rhetoric (with a touch of Marxist reductionism) is specifically addressed to Irish sympathizers in the United States in hopes that the U.S. government will take a more active part in the peace efforts, which Adams likens to successful initiatives in South Africa and the Middle East. But the tone is belligerent in an indictment of what Britain has done in its "first and last colony." Adams regrets IRA violence but insists that "the IRA is ordinary people . . . against the monster of imperial power."

The publisher of both books seeks to bring "popular Irish books by Irish authors" never published in the United States to the North American market.

Western Hemisphere

KENNETH MAXWELL

Western Hemisphere Economic Integration. BY GARY CLYDE HUFBAUER AND JEFFREY J. SCHOTT. Washington: Institute for International Economics, 1994, 279 pp. $25.00 (paper).

As one has come to expect from Hufbauer and Schott, this new book on the prospects for western hemisphere economic integration is timely, well written, accessible to non-economists, and admirably clear-headed. The authors discuss the

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agenda and structure for hemispheric negotiations and what impact a Western Hemisphere Free Trade Area would have on trade and investment elsewhere, especially in the Asia-Pacific rim. They see free trade as inevitably complicated by labor and environmental standards and concerns over human rights and democracy. The most likely path toward economic integration, they believe, will be through subregional integration, followed by hub-and-spoke agreements between the North American Free Trade Agreement signatories and subregions. The authors strongly oppose bilateral arrangements, which they believe will be divisive. Free trade areas in the hemisphere and the Asia-Pacific rim should be complementary, they argue, and they point out that several Latin American countries, especially Chile, Peru, and Brazil, have healthy exports to Asia. The authors do not believe that a WHFTA will promote the devolution of world trade into competing blocs. Though the book could not take account of later developments such as the Summit of the Americas in Miami and the Mexican peso devaluation crisis, it remains an essential primer for the debates ahead.

Central America and the United States: The Clients and the Colossus. BY JOHN H. COATSWORTH. New York: Twayne Publishers, 1994, 277 pp. $15.95 (paper).

John Coatsworth, Monroe Gutman professor of Latin American affairs at Harvard University, best known for his innovative writing on the economic history of Mexico, has turned his considerable expository talents toward Central America. The result is a remarkable book of historical narrative and interpretation, which will immediately become the standard reference. The question Coatsworth posed for himself is "why a region so closely tied to the United States should have become the site of so much bloodshed and brutality." He rejects the two traditional interpretations, the conservative position, which has tended to blame "outside agitators" for exploiting popular discontent in order to undermine democracy and U.S. interests, as well as the liberal view, which attributes social and political upheaval in Central America to internal causes such as widespread poverty and inequality. Coatsworth argues that the high levels of political and social turmoil in Central America result from "excessively close and subordinate ties to the United States." These ties explain "both the extraordinary intransigence of local elites and the unusual intensity and persistence of opposition movements." Coatsworth hopes that the end of the Cold War will provide a more positive relationship between the colossus and the clients.

Warriors in Peacetime: The Military and Democracy in Latin America, New Directions for U.S. Policy. EDITED BY GABRIEL MARCELLA. Portland: Frank Cass, 1994, 165 pp. $35.00.

How so central an institution as the Latin American military can continue to be so little studied is curious. Dictatorships may be out of fashion in the hemisphere, but almost everywhere the subordination of

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the armed forces to effective civilian and democratic control remains problematic, and in many countries the military itself remains dangerously isolated from civil society. In this valuable collection of essays, Gabriel Marcella, professor of Third World studies at the U.S. Army War College, has brought together a group of eminent scholars to examine civil-military relations. Among the more notable contributions are an essay by Juan Rial, a leading Uruguayan expert, which provides a comprehensive overview of the changing role of the Latin American militaries in the process of democratization; a critical discussion of the U.S. involvement in the drug war by Kenneth Sharpe of Swarthmore College; and Howard Wiarda's fascinating examination of the Latin American military and the role of human rights in U.S. policy. Marcella argues that the United States should be prudently involved in the developing Latin American debate about the armed forces, and he rightly warns that "isolation from society and from the international community is a serious threat to both military professionalism and harmonious civil-military relations." If the United States wishes democracy to flourish in the hemisphere, policymakers and scholars would do well to give more attention to the questions addressed in this thoughtful volume.

Thinking Politics: Intellectuals and Democracy in Chile, 1973-1988.
JEFFREY M. PURYEAR. Baltimore: Johns Hopkins University Press, 1994, 204 pp. $42.50 (paper, $13.95).

A significant contribution to explaining the role that outside assistance can play in the most unfavorable circumstances. Puryear conservatively estimates that between 1975 and 1980, an average of $1 million flowed annually into Chilean private research centers, rising to $3 million between 1980 and 1988, including $800,000 from the Ford Foundation. This was money well spent.

Based on his experience at the Ford Foundation and extensive interviews, Puryear relates the largely unreported role of Chilean intellectuals in the plebiscitary defeat of General Augusto Pinochet, which opened a path for democratic elections. Intellectuals were purged from the universities and had no means of political expression, but they found a home in think tanks funded by outsiders. Constant fundraising forced these intellectuals to work efficiently, in effect to become competitive in the marketplace. Consequently they created a world-class body of social science.

Trained at Western universities and having experienced firsthand the relative merits of East and West European political systems, these intellectuals rejected the left view that representative democracy is a formal façade, fostered collaboration between political tendencies, and enabled the think tanks to move quickly from academic analysis to political consulting.

Mexico, Waiting for Justice in Chiapas: A Report by Physicians for Human Rights and Human Rights Watch/Americas.
BY HUMAN RIGHTS WATCH. Boston: Human Rights Watch, 1994, 169 pp. $15.00 (paper).

While many Latin American countries grumbled that Mexico, dressed up in Harvard diplomas and glossy, technocratic, market-oriented clothes, was abandoning them for the erstwhile

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gringo nemesis, history struck with a vengeance. On New Year's Day 1994, hundreds of Indians, evoking one of Mexico's great rebels, Emiliano Zapata, seized several towns in Chiapas province. The shock to Mexico's new image could not have been more redolent of the race, class, religion, and land conflicts that had riven Mexico for centuries.

This balanced report graphically relates what happened after the uprising, blaming both sides for excesses. The Zapatistas abducted and endangered civilians, but the Mexican army, without sufficient oversight from civil authorities, committed arbitrary detention, torture, and summary executions.

In addition to detailed evidence, this report contains one of the best short accounts of the rebellion and makes clear the chronic incapacity of the regime to challenge entrenched interests. The Chiapas rebellion is only the most tragic example of the problems Mexico confronts as it seeks to free itself from the web of corruption and privilege one-party rule has spun.

Eastern Europe and Former Soviet Republics

ROBERT LEGVOLD

Pride of Small Nations: The Caucasus and Post-Soviet Disorder. BY SUZANNE GOLDENBERG. Atlantic Highlands: Zed Books, 1994, 233 pp. $55.00 (paper, $22.50).

The answer for someone curious about the mess Russian President Boris Yeltsin has gotten himself into in Chechnya but despairing of the dense, confusing political map. Goldenberg, a journalist with *The Guardian* and a frequent visitor to the Caucasus, escorts the reader painlessly and efficiently through the region, tracing the course of events in Chechnya and other violent conflicts. She starts with just enough history to orient the reader and then sets off on a concise, lucid narrative of what happened when the Soviet empire collapsed: the return of Turkey and Iran to the region, the economic burdens of independence, the awkward process of working out matters with the Russians, and the discouraging fragility of democratic aspirations. Next, in a sensible, logical order, Goldenberg sketches the conflicts over Nagorno-Karabakh, Abkhazia, and Ossetia, between Armenia and Azerbaijan, Ingushetia and Ossetia, Russia and Chechnya, placing each in context of the political, national, and economic challenges.

Goldenberg makes no pretense of supplying a scholarly explanation of history. Rather this is a background essay that pulls the pieces together and makes the newspaper stories intelligible.

Stalin and the Bomb: The Soviet Union and Atomic Energy, 1939–1956. BY DAVID HOLLOWAY. New Haven: Yale University Press, 1994, 464 pp. $30.00.

The story is enthralling; its telling, unobtrusive and efficient; but most of all, the research on which it rests is enor-

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mously careful and complete. Had the Soviet Union continued to be the United States' nuclear adversary, this book would have lighted the recesses of layered myths and assumptions concerning the Soviet stake in nuclear weapons. Not that it vindicates the idea that America, who was first with the bomb, could have put it under international lock and key and avoided the nuclear arms race. Holloway's discoveries make it plain that Stalin's suspicions could not have been softened nor his quest for the weapon discouraged. But they make it no less plain that Lavrenty Beria, who played a key role in organizing the Soviet effort, and the military had no diabolical sense of how this horrifying new technology could be turned to their advantage. On the contrary, Soviet leaders were slow to recognize the significance of U.S. wartime progress toward an atomic bomb, despite the up-to-date detail their intelligence services provided. Even in 1953 and 1954, when they moved virtually at the same time as the United States from the atomic to the thermonuclear era, their thinking and plans remained inchoate, confused, and presumably malleable to the choices of the other side.

With the rivalry over, at least for the moment, a measure of its long, powerful hold is that Holloway's account is so utterly engrossing. To be able at last to glimpse the people at work behind the shroud, including a remarkable cast of nuclear scientists, the fumbling efforts of Stalin and his colleagues to turn their vast political machine to the task, and the early attempts by the Soviet military to think their way through the meaning of this new weapon makes this a hard book to put down. As for spies and the degree to which those who betrayed the United States aided the Soviets, only one seems to have been important: the British atomic scientist, Klaus Fuchs. His contribution to the Soviet atomic bomb, however, was large and direct. The hydrogen bomb the Soviets developed on their own.

Comrade Criminal: The Theft of the Second Russian Revolution. BY STEPHEN HANDELMAN. New Haven: Yale University Press, 1994, 464 pp. $27.50.

Handelman began this book while a *Toronto Star* correspondent in Moscow from 1987 to 1992, before crime became a mainstream political issue. Handelman profited from the chance to wander around in this netherworld, meeting crime bosses, petty racketeers, musclemen who delivered the violence, new people in business with one foot in both worlds, bureaucrats on the take, and police investigators struggling to make a dent.

Handelman's project grew with the topic, evolving from a study of primarily organized crime as a facet of society to crime as the essence of the new society. To organized crime was added the criminalization of the state. Not that this process began with the collapse of the old order. On the contrary, Handelman stresses how the new scourge has grown out of the old system, from the effects of Gorbachev's misconceived perestroika to the perverse consequences of legalizing the shadow economy. One of the most elaborate tales describes what happened as the professional criminal bosses were overrun by high-flying, and decidedly more violent, moguls. Another

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is the easy transition for partially corrupt Soviet officials to the real thing. The book permits one to peer into this world, meet its people, and see how it works.

Hopes and Shadows: Eastern Europe after Communism. BY J. F. BROWN. Durham: Duke University Press, 1994, 367 pp. $45.00 (paper, $19.95).

Brown, one of the old hands in East European studies, who many times has provided broad, basic accounts of events in postwar Eastern Europe, has done it again. This time he discusses what has been at stake since the end of communism and how it is turning out. As he says, "Communist rule left common problems, calling, not so much for common responses, as for responses that have something in common."

Brown's theme is that states are struggling not with a transition but a revolution, the only transitional element being the current leaders. This revolution must simultaneously build modern democratic polities and market-based economies that can earn their way into Europe, a task beyond anything attempted in modern history. He argues communism has failed twice: first by what it did and second by what it did not do—eradicate the pre-communist past. Brown draws a number of useful comparisons of approaches to economic reform and the burdens of nationalism, but his optimism depends on trends currently moving in the opposite direction: the flourishing of political liberalism, control of crime and corruption, and assistance of Western nations.

Middle East

WILLIAM B. QUANDT

Beyond the Promised Land: Jews and Arabs on a Hard Road to a New Israel. BY GLENN FRANKEL. New York: Simon & Schuster, 1994, 416 pp. $24.00.

During the past decade, Israel has been undergoing a quiet—and sometimes not so quiet—revolution. This change can sometimes be seen clearly, as in the 1992 electoral defeat of Likud and the subsequent opening of peace talks with the PLO. But it is also taking place more subtly, as a new generation of political leaders prepares to take over from the founding generation. Glenn Frankel, a talented *Washington Post* reporter who spent many years in Jerusalem, has a knack for sketching the personalities and moments that signal this transformation. He attributes importance to the intifada, which reopened the debate among Israelis about the costs of occupying the West Bank and Gaza; the 1990-91 Gulf crisis, which brought home to Israelis that their immediate neighbors were no longer the greatest threat to their security; and the arrival of new immigrants from the former Soviet Union, less ideological and more concerned with economic betterment. Despite all the remaining problems to be solved in the peace process, this book suggests that Israel is well on its way to adjusting to the realities of peace in a new Middle East.

With Friends Like These: Reagan, Bush and Saddam, 1982-1990. BY BRUCE W. JENTLESON. New York: W. W. Norton, 1994, 287 pp. $23.00.

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After a spate of instant histories on the Persian Gulf War, a carefully researched analytical book has finally appeared. Now one can review both what happened and why, although not all will agree with the tough criticism of the failures of the Reagan and Bush administrations. The author takes issue with tactical alliances with rogue states—"the enemy of my enemy is my friend"—and warns that the United States should have been much more cautious in its cooperation with Saddam during the 1980s and much more intent on continuing to deter Iraqi power after the Iran-Iraq War was over in 1988. He shows convincingly that Saddam gave ample warning of his aggressive moves against Kuwait, and the United States simply failed to note them. He does not, however, stress enough that the anti-Syrian dimension of U.S. policy in the 1980s led some to conclude that Saddam could be a useful ally against Syrian President Hafiz al-Assad, not just Iran. Even some Israelis and their supporters adopted this view, and Saddam's hints of moderation on peace with Israel gained him more credit in official circles in Jerusalem and Washington than he deserved. Still, Jentleson misses few of the markers along the road to the invasion and provides a tough but fair assessment of the misconceptions and mistakes that marred American policy. It will be interesting to note if Jentleson, now a member of the Policy Planning Staff at State, is able to put his conclusions to good use. Perhaps his next book will tell.

Friends in Deed: Inside the U.S.-Israel Alliance. BY DAN RAVIV AND YOSSI MELMAN. New York: Hyperion, 1994, 537 pp. $27.95.

One can wonder whether another book on the U.S.-Israeli relationship is really needed, but this one at least has the virtue of being well-written and filled with tidbits of inside information. No grand theoretical framework is offered to explain this intimate connection. The authors, who have written about intelligence matters before, tend to see the strategic sinews of the relationship as particularly important, which was especially true during the 1980s, but may be a waning asset. One can also question the view that "the United States usually can impose its will on Israel without twisting any arms." The authors recognize that the relationship will inevitably change as time passes, but they remain sanguine that the two sides are tightly linked by interests and sentiment.

China Considers the Middle East. BY LILLIAN CRAIG HARRIS. New York: I. B. Tauris, 1993, 345 pp. $59.50.

China's ties to the Middle East have a long history, but until now no one has tried to develop the connections between this legacy and China's contemporary policies in the Middle East. The author, well versed in both cultures, sees China's interests in the Middle East as an extension of its interest in the geostrategic game in Central Asia. In dealing with the Arab-Islamic region, the Chinese tend to adopt a "historically generated natural self-confidence." During the Cold War, they could play the role of defending the region against the hegemonic ambitions of both Washington and Moscow, but that rationale no longer suffices. Policy choices are becoming more complicated, and some, such as arms sales to Iran, may

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lead to problems with the Americans. China also has to pay attention to the possibility of Islamic movements gaining ground in its western regions. These issues are of growing importance in the emerging global politics of the Middle East and Central Asia, and this book is a welcome source of history and analysis.

Israel and Syria: Peace and Security on the Golan. BY ARYEH SHALEV. Boulder: Westview Press, 1994, 250 pp. $32.50.

If Israel and Syria ever get down to the hard bargaining over security issues that will have to precede a peace treaty, this study could serve as a handbook for negotiators on both sides, as well as American mediators. The author participated in the post-armistice negotiations with Syria in the early 1950s and has not lost his belief that agreements can be reached between the two countries. He provides useful background about the past, including the frank admission that Israel was responsible for some of the border incidents in the early 1950s. Based on his earlier experience, Shalev warns against leaving issues vague, subject to later dispute. He insists on clear principles of peace, withdrawal, and detailed security arrangements, including possibly American troops on the Golan, implemented over a period of many years. While most of the analysis is well founded, the author seems a bit optimistic about the prospect for an eventual "warm peace" between Syria and Israel and may overestimate the Syrian tolerance for seeing an agreement implemented over a long period. Still, if the two sides are ready for peace—and Shalev assumes they are without quite providing compelling evidence—they will probably end up with an agreement that is not far from the one he has in mind. A timely, straightforward study, refreshingly free from propaganda.

My Enemy's Enemy: Lebanon in the Early Zionist Imagination, 1900-1948. BY LAURA ZITTRAIN EISENBERG. Detroit: Wayne State University Press, 1994, 219 pp. $29.95.

When General Ariel Sharon's troops slammed into Lebanon in the summer of 1982, their purpose was not only to drive out the PLO, but also to bring to power a friendly Maronite government led by Bashir Gemayel. The idea of an "alliance of minorities," based on the "enemy of my enemy" notion, had deep roots in Zionist thinking. Indeed, before Israeli statehood, as this excellent historical study shows, the relations between Zionists and some Maronite leaders were far-reaching. In 1946, a treaty of sorts was even signed with the Maronite religious establishment, but the peace proved as ephemeral as the 1983 agreement between Lebanon and Israel. Eisenberg sympathetically explains the motives and misperceptions that led to the belief that Christian Lebanon could be detached from the surrounding Arab region as an ally of Zionism, but she also shows the project had no realistic chance, and she implicitly warns against ignoring the lessons of history. This study drives home that ideas, once they take hold, are often resistant to reassessment, even when the

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evidence is overwhelmingly against them. A gracefully written, well-researched book that makes excellent use of Zionist archival materials, interviews, and documents in French archives.

Iraq Since the Gulf War: Prospects for Democracy. EDITED BY FRAN HAZELTON. Atlantic Highlands: Zed Books, 1994, 260 pp. $55.00 (paper, $22.50).

To be skeptical about democracy in Iraq is easy. Getting rid of Saddam Hussein is proving to be extraordinarily difficult, and the next Iraqi government will probably not be democratic. But many Iraqi thinkers and politicians are committed to fundamental change, and this collection of essays represents some of the most enlightened of them. The book serves as a reminder that a vigorous debate is now under way in the Middle East about how to produce more representative and accountable governments. More than just political statements, these essays are often reflective, self-critical, and analytical. If Iraq is someday to enjoy the fruits of democracy, some of these authors will have helped to make it happen.

Islam and the Post-Revolutionary State in Iran. BY HOMA OMID. New York: St. Martin's Press, 1994, 263 pp. $65.00.

Part sophisticated analysis, part political tract, this book seeks to account for shortcomings of the Iranian Revolution. At her best, the author presents a convincing picture of using Shiite religious authority to build a state. Shiism has been identified primarily with the victims of power structures, and the Iranian Revolution has been unable to harness Shiite doctrine to a clear structure of authority. As a result, many competing bodies claim legitimacy, Iran has been unable to develop its economy, and about all that remains of Islam is the veiling of women and their seclusion from public life.

The author's sympathies are clearly with the poor and dispossessed, and her political views seem close to those of Ali Shariati, who tried to forge a "progressive" interpretation of Shiism. Now, she believes, the purported beneficiaries of the revolution are left merely with Islamic rhetoric, while the regime, through its mismanagement of the economy, becomes more dependent on the West and less concerned with the everday problems of its people. The analysis of the tension between Shiite Islam and state authority, however, is more convincing.

Nine Parts of Desire: The Hidden World of Islamic Women. BY GERALDINE BROOKS. New York: Anchor Books, 1995, 255 pp. $22.95.

As a woman reporter covering the Middle East for *The Wall Street Journal*, Geraldine Brooks found herself confined to the corridors of high-level offices, shunned by Muslim men, and prohibited from the more adventurous stories her husband, a freelance writer, had no trouble getting. When her secular, Western-educated Egyptian translator suddenly adopted the Islamic veil, Brooks' gender became an asset. She set out to understand why a modern woman would embrace a restrictive, seemingly sexist religious lifestyle. The result is an insightful, witty, and rare glimpse into the lives of Muslim women.

Brooks questions whether it is possible "to reclaim the positive messages in the

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Koran and Islamic history, and devise some kind of Muslim feminism." Her conclusions are not heartening. Islam has been receptive to almost every misogynist custom it encountered in the great march out of Arabia. Chapters on the Prophet Muhammed's management of his many wives and on modern Islamic women juxtapose the idealized Islam of the Koran and actual Islamic practice. Polygamy, the veil, and the seclusion of women come not from the Koran but local customs that the prophet's early followers eagerly embraced as part of the Islamic tradition.

The title refers to Shiite founder Ali's proclamation that "Almighty God created sexual desire in ten parts; then he gave nine parts to women and one to men." Given women's incredible sexuality, restrictions are needed to preserve the welfare and stability of society. Telling anecdotes delve into the ways Islamic women cope with such restrictions. Brooks describes a successful Saudi Arabian businesswoman, the first female soldier from the United Arab Emirates, and "the women of Lebanon's Hezbollah," who like to wear pink frilly negligees and spandex pants beneath their chadors.

Brooks digs up a few, mostly elderly feminists who support more opportunities for women and reject the radical call to mold society according to Islamic law, the *sharia*, but liberal women are an endangered species. Brooks concludes that "the brightest hope for positive change might be found camouflaged among the black chadors of devout Iranian women," whose "unquestioning adherence to religious rules gives them high ground from which to present their case for women's rights"—a variation on the only-Nixon-could-go-to-China theme. But, she rightly observes, "they have used that position sparingly."

PATRICIA LEE DORFF

Asia and the Pacific

DONALD ZAGORIA

Troubled Tiger: Businessmen, Bureaucrats, and Generals in South Korea. BY MARK L. CLIFFORD. Armonk: M. E. Sharpe, 1994, 357 pp. $55.00 (paper, $19.95).

The Transformation of South Korea: Reform and Reconstruction in the Sixth Republic under Roh Tae Woo, 1987–1992. BY ROBERT E. BEDESKI. New York: Routledge, 1994, 197 pp. $55.00 (paper, $16.95).

Korea and the World: Beyond the Cold War. EDITED BY YOUNG WHAN KIHL. Boulder: Westview Press, 1994, 371 pp. $59.95 (paper, $19.95).

In South Korea for six years as a correspondent for the *Far Eastern Economic Review*, Clifford has written a superb book, which weaves together history, economics, and politics. Unlike most books on this topic, it is based on numerous interviews with key officials and tells many anecdotes that light up the discussion of pivotal events.

Clifford is particularly interested in the relationship between South Korea's authoritarian politics and rapid economic growth, a subject about which much has been written. But Clifford's provocative view has rarely been stated so well: despite

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South Korea's recent success in moving to democracy, most of the country's leaders have, at best, a lukewarm commitment to a new way of doing business, and the authoritarian mentality is still alive.

Perhaps even more important, Clifford argues that South Korea's greatest strength and weakness is its decision to follow a "coarser" version of the Japanese model. The model has led to a good deal of international success but increasingly suffers from a self-imposed rigidity. Land policy, the tax system, the dominance of a single political party, and the structure of Korean firms all echo Japan. But rather than taking Japanese difficulties as a warning, the Koreans are determined to press ahead.

Clifford doubts that Kim Young Sam, South Korea's first civilian president in more than three decades, can live up to his promises of reform. Yet if South Korea continues to follow the bureaucratic, government-dominated approach to economic policy of the past 30 years, it risks running into an economic dead end. But the leap to a more flexible, entrepreneurial economy would entail unprecedented risks, opening the economy to increasing international competition and almost certainly leading to the dissolution of some of Korea's largest business groups. South Korea, Clifford argues, badly needs the same kind of deregulation and liberalization as Japan, but he is very pessimistic that such a transformation will occur.

Bedeski, an Australian political scientist, has also written a solid account of recent developments in South Korea, but he deals largely with the Roh Tae Woo era from 1987 to 1992. Although Bedeski is generally more upbeat about South Korea than Clifford, he agrees that the bureaucratic regime in Seoul, which has sustained economic development for three decades, will encounter great difficulty in liberalizing the political and economic system without undermining its own strength. A more liberal policy toward trade unions, for example, has already raised workers' wages and tolerated hundreds of industrial strikes. As a result, South Korea is less competitive in a world economy of low-cost labor.

The South Korean government must decide what to do about the huge *chaebol* conglomerates that dominate the business scene. Though it has become a popular demand, dismantling the *chaebols* would endanger steady economic growth.

Korea and the World is a collection of inconsistent essays on South Korea's foreign policy. One of its most astute chapters was written by Manwoo Lee, a Korean-American political scientist who teaches in the United States, directs an institute in South Korea, and travels frequently to North Korea. Lee confirms Clifford's negative picture of South Korea's domestic scene. He says South Korea is undergoing a painful transition from authoritarianism to democracy and faces the "monumental" task of curing the "Korean disease"—rampant corruption, lawlessness, and lack of authority. Lee also points out a significant gap between foreign and domestic perceptions of Korea. While Westerners praise South Korea's democracy, South Koreans are increasingly apprehensive about their political, economic, and social troubles. As a result, they are not only losing their confidence but doubt their ability to join the ranks of advanced nations. South Koreans complain most frequently about unearned income, conspicuous consumption, corruption, and political distrust. Lee

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feels corruption is serious enough to warn that the moral fabric of Korean society is on the verge of disintegration.

Mandate of Heaven: A New Generation of Entrepreneurs, Dissidents, Bohemians, and Technocrats Lays Claim to China's Future. BY ORVILLE SCHELL. New York: Simon & Schuster, 1994, 464 pp. $25.00.

Orville Schell has won many awards for his previous books about China, and this is one of his best. It explores the many contradictions and paradoxes in China, where the greatest economic boom in history is confined by a political straitjacket—what some describe as "gulag capitalism."

Schell is skeptical about the prospects for continued stability. It is difficult to imagine, he says, "how a system with such internal inconsistencies could long contain itself, especially when it [is] in such a dynamic state of unbalanced change."

Schell also warns about the dangers of China's mounting social problems—unemployment, inflation, rural instability, and, most of all, corruption. "By 1994 it was almost impossible to do anything without using influence, presenting gifts, dispensing favors, or proffering bribes," he writes. "With official position being regularly used as another means to riches, scandals—some of them grand in scale—erupted with increasing frequency."

The Chinese at the Negotiating Table: Style and Characteristics. BY ALFRED D. WILHELM, JR. Washington: National Defense University Press, 1994, 281 pp. $12.00 (paper).

The author of this original study of Chinese negotiating behavior is a career military officer, who completed his service as the U.S. Army attaché in Beijing, and has a Ph.D. in political science. He is now a vice president of the Atlantic Council.

The study carefully reviews Sino-American negotiations at Panmunjom in the 1950s and at Geneva and Warsaw in the 1950s and 1960s. In addition to consulting the records of these negotiations, the author interviewed more than 40 individuals from China, Japan, and Korea who participated in or were knowledgeable about Sino-American and Sino-Japanese negotiations. The result is a carefully nuanced study of Chinese negotiating tactics that should be useful to diplomats and scholars in the years ahead.

Among his most interesting conclusions, Wilhelm says the Chinese government was prepared to normalize relations with the United States as early as the ambassadorial talks in 1955. The Chinese felt they went more than halfway toward U.S. requirements but that U.S. domestic politics prevented a breakthrough.

Africa

GAIL GERHART

Tomorrow Is Another Country: The Inside Story of South Africa's Negotiated Revolution. BY ALLISTER SPARKS. New York: Hill and Wang, 1995, 254 pp. $22.00.

Portions of this riveting book by a senior South African journalist originally

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appeared in *The New Yorker* in early 1994. Based on interviews with the key players on both sides, the book reveals extensive secret talks between the South African government and the African National Congress over the five years preceding the authorization of the ANC and release of Nelson Mandela in February 1990. The more complex but better-known part of the transition story (from February 1990 to the April 1994 election of a government of national unity) is recounted more briefly but also contains some previously undisclosed information, for example details concerning the aborted secession plot by white right-wingers in March 1994 out of the Bophuthatswana homeland.

Hard Right: The New White Power in South Africa. BY JOHANN VAN ROOYEN. New York: I. B. Tauris, 1994, 236 pp. $55.00 (paper, $17.95).

Based on research from 1989 to 1993, this book offers a detailed analysis of South Africa's white right in the transition to democracy. The author surveys the origins of Afrikaner nationalism and white electoral politics in the 1980s but focuses on current fissures within the right wing and changing demands for self-determination. Unfortunately, the author has borrowed Donald Horowitz's approach in *Ethnic Groups in Conflict,* overdetermining Afrikaner ethnicity. Hence Rooyen argues that the white right acts irrationally for ethnic security, that current Afrikaner nationalism is permanent, and that the demand for an ethnically homogeneous *volkstaat* will have to be accommodated to avoid armed rebellion. He largely dismisses the social and economic pressures that may make ethnic identity and mobilization less relevant.

COURTNEY JUNG

France's Relationship with Subsaharan Africa. BY ANTON ANDEREGGEN. Westport: Praeger Publishers, 1994, 200 pp. $55.00.

The strong ties between France and its former African colonies are a matter of common knowledge, but this book provides a thorough review of their origins, history, and ongoing nature. It traces the construction of policies in the late 1950s that enabled President Charles de Gaulle to confer formal political independence on France's African territories without jeopardizing fundamental French economic interests. Such was the appeal and stability of the ensuing neocolonial pattern that even François Mitterrand, after a short break in the early 1980s, quickly reverted to the traditional relationship. The author speculates that time and generational change will erode the personalized style of French-African relations. Useful chapters consider French cultural influences in Francophone Africa and the attitudes toward Africa and Africans in France.

Somalia: The Missed Opportunities. BY MOHAMED SAHNOUN. Washington: United States Institute of Peace Press, 1994, 89 pp. $8.95 (paper).

The 1992 U.N. intervention in Somalia was not the organization's finest hour, and the lessons of its failure should be heeded. Mohamed Sahnoun, the veteran Algerian diplomat who served as U.N.

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special representative to Somalia until his controversial resignation six weeks before the landing of U.S. troops in December 1992, contends that between the outbreak of civil war in 1988 and the collapse of Siad Barre's regime in January 1991, the United Nations missed at least three opportunities to prevent large-scale loss of life. Once the United Nations began efforts to provide humanitarian assistance, its performance was far surpassed by nongovernmental organizations, whose competence and dedication highlighted the United Nations' bureaucratic inefficiencies and excessive caution. Unless sweeping reforms are made, Sahnoun argues, the United Nations will continue to respond with inept improvisation.

Living With Africa. BY JAN VANSINA. Madison: University of Wisconsin Press, 1994, 300 pp. $40.00 (paper, $19.95).

Twenty-three years old in 1952, Jan Vansina left his native Belgium to take an appointment as a field anthropologist for the Royal Museum of the Belgian Congo. Four decades later, marking his retirement as a renowned African historian at the University of Wisconsin, he has set out to explain the evolution of African historiography since the 1950s, constructing the story around personal experiences as a researcher, writer, and teacher. The result is an absorbing memoir that carries the reader vicariously through the early intellectual controversies over whether "history" can exist in the absence of written records, through successive phases in the growth of African history as a field in Europe, the United States and Africa, down to the impact of postmodernism in the late 1980s.

What causes particular trends to emerge from the interplay of contemporary events with particular fashions? The movement of an intellectual shoal can be traced, Vansina says, but to explain why a shoal changes direction, or how it dissolves to form new shoals, one must follow "the quirks of individual fish." The insight that comes from this approach will be evident both to novices and veterans of African studies. Apart from *Africa and the Disciplines* (reviewed in these pages in July 1994), no other recent book surveys and interprets the development of the field of African studies in a way so magisterial and engaging.

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Letters to the Editor

Asia's Growth: Miracle or Myth?

Frank Gibney, Paul Krugman, and others

To the Editor:

In his customarily magisterial tone, larded with appeals to "hard numbers" and "sensible economic analysis," Paul Krugman has set out to show that the extraordinary postwar surge of the Pacific Asian economies is just a flash in the pan ("The Myth of Asia's Miracle," November/December 1994). Krugman contends that the huge increases in GNP attained by East Asian countries—the results of heavy capital investment, large savings, sharply rising educational levels, and other "astonishingly" mobilized resources—will quickly level out because they will not be followed by significant increases in productivity. Krugman compares East Asia to the once-lauded prewar gains of Soviet industry, whose "input-driven growth" was not succeeded by corresponding gains in efficiency. As every good neoclassical economist knows, even hugely increased input must be succeeded by gains in "output" (that is, increases in productivity) if the expansion is to continue. Despite its massive mobilization of resources, the Soviet economy was "virtually certain" to stop because Soviet managers were unable to use their resources efficiently. It is the same story, Krugman argues, with what he calls the paper tigers—the four newly industrialized economies of Singapore, Hong Kong, South Korea, and Taiwan—which are coasting on their "astounding" inputs alone without increasing productivity efficiency.

Nothing could be further from the facts. World Bank economists point out that while two-thirds of the growth of the high-performing Asian economies (HPAEs, which include Indonesia, Malaysia, Thailand, Japan, and the aforementioned four tigers) is input-driven, "the remaining third cannot be explained by accumulation, and is therefore attributable to increased efficiency or total factor productivity. This is large relative to other countries, both absolutely and as a share of output growth."

Part of the increased productivity in these export-driven economies can be attributed to imports of foreign knowledge and technology—a significant by-product of the HPAEs' intense "exports first" emphasis. The products of export-driven economies must compete with other nations' products to succeed. This means learning intensively from one's competitors and others. By contrast, the

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Soviet economy was a classic case of import substitution at all costs—a short-sighted policy followed, disastrously, by various Third World countries outside East Asia in the postwar period.

Other factors in the increased productivity of the HPAEs include continually expanding education opportunities, better organization, and improved work practices. Perhaps the most important is the interlocking cooperation of free enterprise, government financial intervention, and a guidance-minded technocratic bureaucracy on the Japanese model. This flexible industrial policy—in stark contrast to Soviet-style command economies—is found in all these Asian economies. It is a trick, however, that the managers of developed Western economies have yet to learn—still less the neoclassical economists, who hold that all economies must work the same way (that is, just like ours).

The best example of increasing productivity among the HPAEs is South Korea, where businessmen and bureaucrats have lost little time waiting for Adam Smith's "invisible hand" to operate. Long after the groundwork of capital investment and government financing had been laid, Korean manufacturing productivity has soared. Since the 1980s, South Korea has diversified into high-tech and knowledge industry products to keep up with the developed-country Joneses. Beyond its past of military governments, the country has become a working democracy—accompanied by sharply rising wage levels. How is this a paper tiger?

Krugman, however, ignores South Korea. Nor does he mention Taiwan, which has been experiencing the same kind of political and economic evolution. Instead, he picks Singapore as his big case in point—a straw man if ever there was one. A *sui generis* city-state with a population just under three million, Singapore is a kind of glossy international service-sector shopping mall. Unlike other Asian countries, it has no hinterland for expansion and is steadily losing its importance for political as much as economic reasons. Neighboring countries with booming economies, like Indonesia and Malaysia, understandably want to do business on their home grounds. Most of Singapore's industrialization came from multinational companies invited in by its government, leaving little for domestic industry to build on. The World Bank calls Singapore the HPAE least able to keep pace with the world's shifting technological frontier. And Lee Kuan Yew's ruthlessly paternalistic dictatorship may yet stifle its citizenry's entrepreneurial instincts. So here is one Asian economy that might conceivably be compared to past Soviet output stagnation—even if the slowdown, like the ossification of the Soviet work force in the 1930s, can be only partially attributed to economic reasons. Even here, however, Krugman may be hasty. After an earlier slump, both manufacturing and the hustling service sector in Singapore came up with double-digit growth rates in 1993. Someone out there must be increasing output.

Krugman wisely refrains from deprecating Japan's past economic growth and contents himself with criticizing the lack of comment on Japan's current economic slowdown, "with authors writing as if Japan were still the miracle growth econ-

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omy of the 1960s and early 1970s." Where has he been? A spate of good books and innumerable articles have sounded the warning about Japan's burst-bubble economy, including the writings of Christopher Wood of *The Economist* and my own 1992 book, *The Pacific Century.*

Japan's economic strengths remain, even if high-technology competition is stiffer. Its basic problem is political. After the glories of the high-growth period, Japan's ruling bureaucracy remains reluctant to loosen tight domestic regulations designed to keep out foreign businesses. The irresponsibility of most Japanese politicians, coupled with a passive electorate still half anesthetized by past GNP gains, has created a political stagnation whose consequences have yet to be felt.

Krugman has no grounds for saying that "Japan's experience has much less in common with that of other Asian nations than is generally imagined." Its modernization and economic drive have been followed by all of the rapidly growing East Asian countries. Park Chung Hee, who started South Korea's high-growth era, once told me that he consciously tried to follow the economic pattern Japan set as far back as its modernizing Meiji Restoration. In 1979, Chinese leader Deng Xiaoping reminded me that his country then had the same number of lathes as Japan had in the early 1960s. Why, he asked, could not China attempt a similar economic takeoff? (Krugman, incidentally, seems far less confident in his pronouncements on China, where the attempts of Beijing's nomenklatura to force a communist police state on an economic Wild West may yet result in an explosion.)

What the East Asian miracle demonstrates is that growth economies can be built rather quickly through a combination of modern technological adaptation, entrepreneurial push, and government-supported international marketing—all based on cultures that eschew adversarial give-and-take in favor of an ethic of group relationships, not individual responsibility. Contrary to what some neoclassical economists stubbornly continue to think, other people's economies need not be run the way we play it in Peoria.

FRANK GIBNEY
President, Pacific Basin Institute

To the Editor:

In comparing the East Asian "miracle" economies to the Soviet Union of the 1960s, Paul Krugman overlooks a crucial point: whereas Soviet planners rapidly expanded inputs by displacing the market, Asian industrial policymakers use the market to direct civilian actors' energies toward the state's developmental goals. The fatal lack of Soviet productivity growth occurred because there were no market incentives in the U.S.S.R. for planners and producers to increase efficiency. In Asia today, by contrast, industrial policymakers use their close ties to the civilian sector to amplify or dampen market signals, but both economic actors and policymakers must respond to the information sent by the market. Krugman correctly points out that some of the hysteria over East Asia's economic prowess—such as the recent best sellers by Michael Crichton and Tom Clancy—is exaggerated, but his failure to recognize the fundamental difference between Asian market-

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utilizing industrial policy and Soviet market displacement delays a much-needed reassessment of U.S. policy toward East Asia.

RONALD BEVACQUA
Economist, Research Department, Merrill Lynch Japan Inc.

To the Editor:

In his enthusiasm to challenge the conventional wisdom on East Asia's rapid economic growth, Paul Krugman misses the central point to be learned from the East Asian experience—for which "miracle" is probably not too strong a word. The high-performing Asian economies (HPAEs) are unique in combining rapid growth with both highly equal income distributions and reductions in poverty. An analysis of 40 economies revealed that all of today's high-growth, low-inequality economies are in East Asia. The conditions for social harmony and stability, which are essential for sustained growth, are also present in those countries. It is, of course, possible that major external economic shocks or internal political ones will upset East Asia's steady progress. But there is no reason to think that the East Asian miracle will turn out to be a bubble.

One of Krugman's central arguments is that investment, not productivity growth, has propelled the East Asian "miracle" economies. Investment levels of HPAEs in physical and human capital substantially exceed those for other countries at similar levels of development, leading to faster per capita income growth. High investment rates are thus part of the Asian success story, but they do not fully explain the rise in incomes.

Despite the claims of Alwyn Young, on which Krugman bases his argument, numerous studies show that productivity has grown quite respectably for the region as a whole and in many of the individual countries. Nirvikar Singh and Hung Trieu did their own growth accounting calculations for South Korea and Taiwan. They found that the contribution of total factor productivity (TFP) growth was significant in the cases of both South Korea and Taiwan, similar to Hong Kong but lower than Japan. They do not share the extreme position that only such accumulation has mattered. According to their study, TFP growth also mattered. Another study found that East Asia had the highest growth rate of TFP among all developing regions. The World Bank's 1993 study, *The East Asia Miracle,* found that, on average, two-thirds of growth can be attributed to factor accumulation and one-third to productivity growth. Rapid growth in Indonesia, Malaysia, and Singapore is wholly due to high rates of factor accumulation, while Hong Kong, Taiwan, Japan, Thailand, and South Korea derived 10 percent to 30 percent of their output growth from TFP growth.

Such growth contains an element of catching up. The World Bank study indicated that Hong Kong, Japan, Taiwan, and Thailand were catching up to international technological progress, while South Korea was just keeping pace. The investment-driven economies of Indonesia, Malaysia, and Singapore fell behind, although the 1985-93 data on Indonesia shows significant growth in productivity (presumably for Malaysia, too). The HPAEs, except Singapore, show remarkable ability to keep pace with the world's

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technological evolution, especially when contrasted with their fellow developing regions of Latin America and Africa.

The most important question is whether the HPAEs can raise or sustain productivity growth in the future. Encouragingly, most HPAEs have consistently maintained macroeconomic stability, avoided high inflation, and implemented fiscal discipline. The East Asian economies' performance is reflected in their steadily rising share of world exports, which is closely associated with productivity growth. From 1965 to 1990, Japan emerged as the world's biggest exporter of manufactured goods, increasing its share of the world market to almost 12 percent from nearly 8 percent. In the 1970s and 1980s, the locus of growth shifted to the four tigers. Their share grew nearly four times faster than Japan's. This rising share of manufactured exports, if sustained, will contribute to future productivity growth.

Recent work on growth rate persistence suggests that growth rates for individual economies are highly unstable over time. The HPAEs, however, appear to be an exception. The four tigers and Japan rank with the handful of rapidly growing economies from 1960 to 1988. The HPAEs are catching up to the more developed countries.

Of course, this does not mean that the East Asian miracle will continue ad infinitum. East Asia is highly diverse, with wide variation in incomes, economic policies, and potential for productivity growth. As economies mature, ten percent growth rates (China, Thailand) devolve to six percent (Indonesia) and later to the two to four percent rates of the richest countries (Japan). But in East Asia, it would be wrong simply to look at the high end of the spectrum. As South Korea, Thailand, Malaysia, and Indonesia continue their climb as emerging economies, their past growth rates will taper off. China and the Philippines are still below their potential productivity growth, but China is moving rapidly in that direction, while Vietnam, Laos, and Cambodia are appearing on the scene. These newly developing countries are staking a claim as a new generation of East Asian "miracles." Although they have much catching up to do, these countries can generate the kinds of growth rates we have witnessed in the past for the region as a whole. It would be a rash economist who predicted the demise of East Asia.

These views are my own and should not be attributed to the World Bank or its affiliates.

ISHRAT HUSAIN
Chief Economist, East Asia and Pacific Region, The World Bank Group

To the Editor:

The productivity studies cited by Paul Krugman fail to capture an essential process in the East Asian economies. Since the 1960s, their industries and exports have evolved from unskilled labor-intensive industries like clothing, textiles, and athletic shoes to more skilled labor-intensive and capital-intensive industries like automobiles, machinery, and electronics. This structural transformation is not captured in Krugman's productivity studies, which provide a false basis for predicting future economic growth. To grasp this point, suppose that Gabon—which had a higher rate of labor

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productivity than all four East Asian tigers—created that productivity gain by continuing to produce clothing and textiles, whereas the four tigers gained less in overall labor productivity by moving labor from producing clothes and textiles to producing cars, chemicals, and electronics. On this basis, would we predict that Gabon has a greater potential for future growth than the tigers?

SUMNER J. LA CROIX
AND CHUNG H. LEE
Senior Fellows, Program on International Economics and Politics, East-West Center

To the Editor:

Paul Krugman does not calculate Chinese growth from its beginning in 1978, but from 1964. He then concludes that China shows "only modest growth in efficiency." But why calculate from 1964, the year Mao Zedong began an economically irrational war mobilization that devastated China's economy? Only in 1978 did China's post-Mao leaders reform collective agriculture and open up to the dynamism of East Asian policies, institutions, and spillover. One does not calculate the impact of Reaganomics by counting from Lyndon Johnson's presidency. Krugman tries to escape the tyranny of the real numbers on East Asian growth.

EDWARD FRIEDMAN
Professor, Department of Political Science, University of Wisconsin at Madison

To the Editor:

Paul Krugman does a great service in demystifying the sources of East Asia's economic performance. The widespread concern that East Asia is inexorably headed toward global economic supremacy is misplaced. The article's tone, however, may mislead readers. "East Asian growth has been matched by input growth so rapid," writes Krugman, "that Asian economic growth, incredibly, ceases to be a mystery." Well, it depends on what one means by "mystery." Economists have a much better handle on input growth than on changes in productivity, so it is comforting to know that East Asia's growth is accounted for by processes that we understand comparatively well. But does that make the mystery go away?

Consider South Korea and Taiwan, two countries widely considered to be economic basket cases as late as the early 1960s. Since then, in both countries, investment has risen from 10 percent of national income to 30 percent. Given this investment effort, and the related increases in education and labor force participation rates, there is not much residual growth left over to attribute to productivity increases. But why did investment rates increase at such phenomenal rates in both countries, especially since most other low-income countries failed to come close? Economists have not yet provided a satisfactory answer to the enigma of why South Korean and Taiwanese entrepreneurs decided sometime in the early 1960s to go on an investment binge. East Asian growth is no less a mystery because it is well explained by input growth alone.

What is clear from recent East Asian economic history is that governments went out of their way to ensure the profitability of private investment by creating a

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climate of stability and subsidizing and coordinating private investment decisions. We do not fully understand why East Asia's interventionist approach did not lead to the often disastrous results that many other developing countries with similar policies have had. But the argument that government policy had a lot to do with the East Asian "miracle" of input growth cannot be dismissed so easily.

DANI RODRIK
Professor of Economics and International Affairs, Columbia University

MYTHING MY POINT

Paul Krugman replies:

I am glad to see that "The Myth of Asia's Miracle" stirred up so much reaction, even if some readers took offense at my deliberately provocative style. After all, my main purpose in writing the article was to shake up what I feared was becoming a closed circle of intellectual complacency whose logic went as follows: "We know that Asian-style policies work because of the rapid growth those economies have achieved, and we know that this rapid growth will continue because those economies are following the right policies." Many people said the same thing about central planning and Soviet growth circa 1960. One need not believe that Asia will recapitulate the whole sad Soviet story to find that a useful caution.

Let me make three points on the substance of the argument. First, many correspondents complained that the "growth accounting" framework is too simplistic. Surely, however, it is always a good strategy to approach any issue by seeing how much one can explain with a minimalist hypothesis; only then should one turn to more complex explanations. My hypothesis is that the tigers' growth has been driven by inputs. Part of the point behind "The Myth of Asia's Miracle" is the principle of Occam's razor, which holds that one should use the simplest of competing explanations to explain the unknown. It is also, however, a matter of self-discipline: precisely because sweeping hypotheses about policy or culture are more fun to talk about than drab accounting exercises, one needs to make a special effort to give boring explanations their due.

And the surprising thing about Asian growth is just how much the boring approaches explain. While several letters mention the World Bank study, which found somewhat more evidence of efficiency growth in East Asia than did the work of Alwyn Young or of Lawrence Lau and Jong-Il Kim, even that study does not remotely support the almost universally held view that the newly industrializing Asian nations are rapidly converging on Western levels of efficiency. Consider Ishrat Husain's useful letter, in which he compares "catch-up" in efficiency as measured in total factor productivity. Which do you find more surprising: the World Bank's finding that Hong Kong, Taiwan, and Thailand have experienced some catch-up, or the finding that South Korea "was essentially just keeping pace" and that Indonesia, Malaysia, and Singapore have actually fallen behind?

Given how much a minimalist story of input-driven growth—that is, increased expenditure on capital goods and labor—explains about Asian growth, one should be cautious about attributing long lists of additional virtues to the Asian economies.

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Frank Gibney writes of the "interlocking cooperation of free enterprise, government financial intervention, and a guidance-minded technocratic bureaucracy" as a key strength of Asian economies "that the managers of developed Western economies have yet to learn." But even the World Bank's numbers find no evidence of convergence on Western levels of efficiency in many developing Asian countries—and, in particular, show little evidence of convergence in South Korea, which Gibney regards as the quintessential Asian model. (It will, by the way, be news to many people, not least Lee Kuan Yew, that Singapore is a straw man whose experience offers no lessons about Asian development.) On what basis, then, does Gibney assert that this system of "interlocking cooperation" is such a good thing?

Many Westerners believe that Asian economic growth carries obvious lessons for our own societies. Strangely, however, the content of those lessons lies in the eye of the beholder. To free marketeers, Asia shows the power of the free market; to industrial policy advocates, it shows the effectiveness of industrial policy; to the authority-minded, it shows the virtues of authoritarianism. Personally, I do not find any of these lessons obvious. The only overwhelming lesson I see in Asian growth is that one way to get a lot of output is to use a lot of inputs.

Paul Krugman is Professor of Economics, Stanford University

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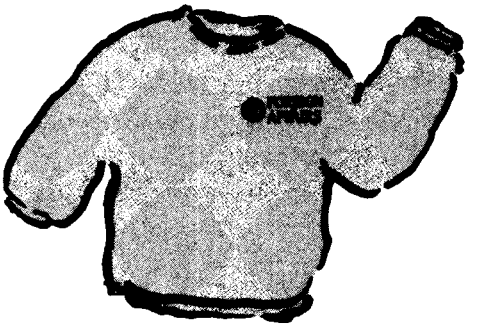

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